INTERNATIONAL TOURISM AND AMERICAN SMALL BUSINESS (Part 3)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EXPORT OPPORTUNITIES AND SPECIAL SMALL BUSINESS PROBLEMS

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

ORLANDO, MARCH 7, AND WINTER HAVEN, FL, MARCH 8, 1986

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE

64-272 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H721-11

COMMITTEE ON SMALL BUSINESS

PARREN J. MITCHELL, Maryland, *Chairman*

JEAL SMITH, Iowa
OSEPH P. ADDABBO, New York
IENRY B. GONZALEZ, Texas
OHN J. LaFALCE, New York
BERKLEY BEDELL, Iowa
HENRY J. NOWAK, New York
THOMAS A. LUKEN, Ohio
IKE SKELTON, Missouri
CHARLES W. STENHOLM, Texas
ROMANO L. MAZZOLI, Kentucky
NICHOLAS MAVROULES, Massachusetts
CHARLES HATCHER, Georgia
RON WYDEN, Oregon
DENNIS E. ECKART, Ohio
GUS SAVAGE, Illinois
BUDDY ROEMER, Louisiana
NORMAN SISISKY, Virginia
ESTEBAN EDWARD TORRES, California
JIM COOPER, Tennessee
JIM OLIN, Virginia
RICHARD RAY, Georgia
CHARLES A. HAYES, Illinois
CATHY (MRS. GILLIS) LONG, Louisiana
JIM CHAPMAN, Texas
TOMMY F. ROBINSON, Arkansas

JOSEPH M. McDADE, Pennsylvania
SILVIO O. CONTE, Massachusetts
WILLIAM S. BROOMFIELD, Michigan
ANDY IRELAND, Florida
JOHN HILER, Indiana
VIN WEBER, Minnesota
DAVID DREIER, California
D. FRENCH SLAUGHTER, JR., Virginia
JIM KOLBE, Arizona
WILLIAM W. COBEY, JR., North Carolina
ROBERT C. SMITH, New Hampshire
HOWARD COBLE, North Carolina
JOSEPH J. DioGUARDI, New York
JAN MEYERS, Kansas
DEAN A. GALLO, New Jersey
J. ALEX McMILLAN, North Carolina
STEWART B. McKINNEY, Connecticut
LARRY COMBEST, Texas

MAJOR L. CLARK III, *Staff Director*
THOMAS G. POWERS, *General Counsel*
LOIS LIBERTY, *Publications Specialist*
CHRISTINE A. RUSSELL, *Minority Staff Director*

SUBCOMMITTEE ON EXPORT OPPORTUNITIES AND SPECIAL SMALL BUSINESS PROBLEMS

IKE SKELTON, Missouri, *Chairman*

DENNIS E. ECKART, Ohio
GUS SAVAGE, Illinois
JIM OLIN, Virginia
TOMMY F. ROBINSON, Arkansas
ROMANO L. MAZZOLI, Kentucky
JIM CHAPMAN, Texas

ANDY IRELAND, Florida
WILLIAM W. COBEY, JR., North Carolina
HOWARD COBLE, North Carolina
DAVID DREIER, California

RUSSELL ORBAN, *Subcommittee Counsel*
STEPHEN P. LYNCH, *Minority Subcommittee Professional Staff Member*

CONTENTS

	Page
Hearings held at:	
Orlando, FL, March 7, 1986	1
Winter Haven, FL, March 8, 1986	81
Opening statements of:	
Ireland, Hon. Andy, a Representative in Congress from the State of Florida	2, 82
Skelton, Hon. Ike, chairman, Subcommittee on Export Opportunities and Special Small Business Problems	1, 81
Testimony of:	
Clark, Don, president, Florida Hotel & Motel Association, representing American Hotel & Motel Association	61
Dantzler, Hon. Rick, State representative, District 43, State of Florida	83
Davidson, Glen, Dundee, Inc., and Davidson Citrus Shops	110
Davis, Joyce, Winter Haven Chamber of Commerce	99
Dorr, G. Carlton, Central Travel, Inc	109
Fennell, Carolyn M., assistant executive director for community relations, Greater Orlando Aviation Authority, Orlando, FL	27
Gaiser, Dean, director, Florida Division of Tourism	10
Gault, Robert K., Jr., president, Sea World of Florida	2
Gorman, Lou, general manager, Boston Red Sox	88
Huse, Richard A., School of Hospitality Management, Florida International University	35
Johnson, Jacqueline L., director, convention/visitors department, Lakeland Area Chamber of Commerce	100
Kindlund, Newton C., president, Holiday of Orlando, Inc., Holiday RV Superstores, Inc., and Holiday RV Rental & Leasing, Inc	72
McDonough, Terry D., president, Florida Folder Service, Inc	54
Rockland, David B., director of economics, Sport Fishing Institute	44
Senft, Paul, chairman, tourism committee, Polk County Economic Development Council	101
Smith, Kenneth C., president, Cypress Gardens	87
Additional material supplied for the hearing record:	
Clark, Don, president, Florida Hotel & Motel Association, representing American Hotel & Motel Association:	
Spirit of America contest	62
Prepared statement	68
Gaiser, Dean, director, Florida Division of Tourism: Prepared statement	13
Gault, Robert K., Jr., president, Sea World of Florida: Attachments to testimony	5
Gorman, Lou, general manager, Boston Red Sox: Attachments to testimony	91
Huse, Richard A., School of Hospitality Management, Florida International University: Prepared statement	38
Kindlund, Newton C., president, Holiday of Orlando, Inc., Holiday RV Superstores, Inc., and Holiday RV Rental & Leasing, Inc.: Attachments to testimony	74
Rockland, David B., director of economics, Sport Fishing Institute: Prepared statement	46
Smith, Kenneth C., president, Cypress Gardens: Response to chairman's request	96

INTERNATIONAL TOURISM AND AMERICAN SMALL BUSINESS

(Part 3)

FRIDAY, MARCH 7, 1986

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EXPORT OPPORTUNITIES
AND SPECIAL SMALL BUSINESS PROBLEMS,
COMMITTEE ON SMALL BUSINESS,
Orlando, FL.

The subcommittee met, pursuant to notice, at 1:30 p.m., in the Yellowtail Room, Wyndham Hotel, 6677 Sea Harbour Drive, Orlando, FL, Hon. Ike Skelton (chairman of the subcommittee) presiding.

OPENING STATEMENT OF CHAIRMAN SKELTON

Mr. SKELTON. Ladies and gentlemen, we will call our hearing to order.

It is a real pleasure and a very special pleasure to be here with my friend and colleague, Andy Ireland.

We are here as a result of early on in our organizational thoughts on our subcommittee as to what we should be doing in the area of exports.

And, of course, it is very obvious that one type of export is bringing tourists from foreign lands into our Nation.

Congressman Ireland said we really should come to the source where we have been so successful, and that is here in the State of Florida, where you have been very successful in attracting foreign visitors as well as visitors from all parts of the country.

I know Missourians play a particularly strong part in your tourism. I am sure they receive the fine hospitality that I have.

You have a diversified tourism economy, and it has enjoyed a sustained growth through the years.

Tourism is a special interest to this subcommittee, because we have only begun to realize in this age of world competition that a dollar earned from a foreign person traveling through our country is just as valuable as a dollar earned from any other export. It helps to offset the balance of trade, creates jobs, and creates tax revenues.

I would like to mention that we have at our hearing today—we will, of course, have another one tomorrow in another part of Congressman Ireland's districts, however, today we have three panels with three people on the first panel, three on the second, and two on the third.

After all of the panel members testify, Congressman Ireland and I will undoubtedly have a number of questions for you.

And, hopefully, the information that you have will be documented and shared with the rest of our subcommittee and with the full committee. We are looking forward to legislation that would help further the tourism industry in our Nation as a whole.

So, with that introduction, I would introduce our friend, Congressman Ireland.

OPENING STATEMENT OF HON. ANDY IRELAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. IRELAND. Thank you, Chairman Skelton.

We would like to have all of our colleagues come down and see what Florida is all about; that is one way we grow. We are delighted that you are here.

I want to thank, particularly, Bob Gault and the folks at Sea World for getting us started this morning with a tour of the facilities and giving us an insight into the really active tourist climate here in Florida.

Small business is, indeed, the backbone of the tourist industry, and the tourist activity in Florida is probably at the leading edge of that kind of economic activity in America.

Our colleagues will have much to learn from the results of our hearings.

Thank you.

Mr. SKELTON. Thank you, Congressman.

We would call on panel No. 1, our host, Robert Gault. And again, thank you for the courtesies you have extended to us today.

TESTIMONY OF ROBERT K. GAULT, JR., PRESIDENT, SEA WORLD OF FLORIDA

Mr. GAULT. It is certainly our pleasure. And I would like to preface my remarks by thanking you on behalf of Sea World and the travel and tourism industry for taking your valuable time to come to Orlando and take the time to study this important area of tourism and its economic impact.

To give you some background on Sea World, Sea World of Florida opened in December 1973. It is one of the three Sea Worlds owned by Harcourt Brace Jovanovich, a billion-dollar Fortune 500 publishing company now headquartered in Orlando, FL.

Sea World of California was our first Sea World which opened in 1964 in San Diego, while Sea World of Ohio opened in 1970 near Cleveland. Sea World of Texas, the new $100 million-plus marine park, is scheduled to open in late 1987 in San Antonio.

The three Sea Worlds now in operation entertain and educate approximately 8 million visitors per year.

Sea World of Florida accommodated 3.5 million visitors in 1985, which set an all-time attendance record. This makes Sea World the second most visited attraction in Florida after Walt Disney World.

Of the 3.5 million visitors, 400,000, or 11.4 percent, were from foreign countries. We retain public relations agencies in Europe, Canada, and South America to represent us with the retail and

wholesale travel trade and to develop publicity in the foreign consumer markets in an effort to encourage foreign visitations.

As an example, we traveled to the United Kingdom last week, in cooperation with the Florida Division of Tourism and Pan American Airlines, to hold breakfast seminars for retail and wholesale travel agents in 10 cities, and we made a major presentation to 350 agents and travel trade publishers in London promoting central Florida and Sea World.

Domestically, we have a multimillion dollar advertising program targeted at northeastern and midwestern cities as well as local advertising campaigns designed to attract visitors while they are in the Orlando area.

Sea World employs an average of 1,500 people, representing an annual payroll of approximately $17.4 million.

As a footnote to this, it is estimated that for every job created by tourism, another one-half job is created in other industries and small businesses.

Tourism is the economic lifeblood of Florida and specifically of central Florida. Orlando is the No. 1 tourism destination in the United States. Soon, the area will be nearing the 60,000 hotel room mark, which will put us second only to New York City in terms of accommodation capacity.

In the interest of time, I have attached several addenda to this report which will brief you on a number of vital statistics relating to the impact of tourism locally as well as nationally, and the impact on the dynamics of the multiplier effect on small businesses.

In addition, I have included a sheet on how Sea World works with governmental agencies to promote tourism to the United States.

In terms of your interest in the local, State, and Federal governments' efforts to promote tourism with the private sector, I would say that, overall, we have an excellent relationship with the local Convention and Visitors Bureau, the Chamber of Commerce, the Florida Division of Tourism, and the U.S. Travel and Tourism Administration.

I think that the primary opportunity to improve our collective effectiveness is based on the need for better communication between us. I think that the governmental bodies could enhance their efforts by taking better advantage of the expertise in the private sector, as we do employ a vast number of knowledgeable professionals who make their living in promoting tourism and who administer millions of dollars into that effort.

I think closer communications between the government agencies and the private sector can only enhance tourism promotional programs.

Regarding your question on the problems the industry is facing in obtaining liability insurance, to give you an example, Sea World's product liability insurance increased 131 percent in 1985 and it is projected to go up another 98 percent in 1986.

General liability increased 122 percent in 1985 and is projected to increase 91 percent in 1986. Umbrella coverages increased 131 percent in 1985, and in 1986 we project a 512-percent increase. This is

in spite of the fact that we have enjoyed a very good loss experience.

Underwriters appear to be ignoring the loss history of individual theme amusement parks and are painting one and all with the same brush.

The terms offered by many underwriters are simply, "take it or leave it." The carriers are reducing the limits they will write, excluding specific perils, and increasing the premiums in excess of 100 percent.

Those businessmen that can afford the increases in premiums are doing so; those that can't afford the increases in premiums are either reducing their coverage limits, going without, or closing up shop.

In Sea World's case, we have elected to self-insure, in most cases, except for catastrophic loss potential. It is only a matter of time before these increased costs on property, casualty and liability coverages will be passed on to all consumers in the form of price hikes on admissions, goods and services, which will have a very negative impact on the tourism industry in general.

Again, thank you for your interest in our important industry, and please don't hesitate to call on us for more information or help in promoting tourism to and in our beautiful country.

Thank you.

[Attachments to testimony follow:]

Addendum 1

TOURISM STATISTICS

*Orlando is the #1 tourism destination in the United States.

*Tourism is the #1 industry in Central Florida. The recent losses in citrus production have created an even greater reliance on tourism for the well-being of the Central Florida economy.

*Of the total Orlando labor force of 480,000; about 45,000 are directly employed in tourism--17,000 hotels/motels; 20,000 Walt Disney World; 1,500 Sea World; miscellaneous.

*For January 1986, Orlando MSA (Orange, Osceola, Seminole Counties) unemployment was 5 percent compared to a national average of 7.3 percent.

*For every job which tourism creates in Florida, another one-half job is created in another industry.

*One million visitors to Florida means the creation of 27,776 jobs, $325 million in wages, and $418 million in new products or services output.

*Every one million visitors to Florida creates 2,430 jobs in the amusement/recreation area, $29 million in wages, and $65 million in products/services output. In the lodging industry 7,823 jobs are created, $79 million in wages, and $165 million in output.

*While the population of the Orlando SMA has grown 80 percent since 1970 to 861,970; visitors to Orlando increased 367% during the same period.

*Florida receives about 30 million visitors annually. The State's population is 11 million. Central Florida hosts almost 7 million visitors annually, or 23% of total visitors. Tourism in the Orlando MSA has grown 367% since 1970. (Before the opening of Walt Disney World, Sea World.)

*Every tourist dollar we can bring to Florida generates an additional 89 cents in the community.

*Florida's "Tourism/Recreation" sales tax collections are conservatively 19 percent of total state sales tax collections. In 1984 they exceeded $850 million.

Addendum 1

*Top beneficiaries of tourists' expenditures are transportation, gasoline, food, lodging, entertainment, and gift related-industries.

*The local 2 percent hotel option tax in Orange and Osceola counties resulted in $11,870,058 collected for local governments in 1985.

*Since 1970 available hotel rooms in our five-county area grew 331 percent to 65,384. We are ranked third after New York and Chicago for room availability.

*Average hotel occupancy in Orlando for 1985 was 68 percent compared to a national average of 64 percent.

*Conventions since 1970 increased 468 percent, with delegates increasing 914%. Orlando is now the 11th top convention market in the United States.

*The Orlando television market ranks 27th according to Arbitron. In 1970 we ranked 51st.

*The Orlando metro market ranks 47th for total retail sales.

*Airport traffic at Orlando International Airport exceeded 10 million in 1985 for the first time ever. That is a growth rate of 898 percent since 1970. Orlando's airport is the 22nd largest in the country in 1978 we were 45th.

*Sea World of Florida attendance for 1985 was 3,473,569--our best year ever.

*In 1985 Sea World received visitors from all 50 states and numerous foreign countries. The bulk of the domestic business is from states east of the Mississippi. As our product matures it will be necessary to target more potential markets west. In 1985: 20% of visitors were Florida residents
69% were out of state domestic visitors
11% were from out of the United States.

*The loss of international visitors historically results in a large negative impact on the number of visitors and profits. Canada and the United Kingdom are crucial Sea World markets. Canada is consistently one of the top five markets to Sea World and the United Kingdom is a top ten market.

*Sea World of Florida is the third top theme park in the U.S. in terms of attendance generated. (1. Disney/EPCOT, 2. Disneyland, 3. Sea World, 4. Knotts Berry Farm).

Addemdum 2

HOW SEA WORLD WORKS WITH GOVERNMENTAL AGENCIES
TO PROMOTE TOURISM TO THE UNITED STATES

* We participate in the Discover America Pow-Wow by the United States Travel and Tourism Association (USTTA) along with the federal government. Florida and San Diego parks both participate in this event which is one of the most prestigious shows in the world. Foreign tourism buyers are able to economically organize from these shows.

* We also participate with the USTTA by visiting local retailers in Mexico, Belgium Travel Fair, in sections with the International Tourism Bruse in Germany (which is the largest in the world), and the World Travel Mart in London. They facilitate our entrance into these markets where it would not normally be economically feasible.

* We participate in the Florida Huddle which is sponsored by the Florida Division of Tourism (FDOT). This is the 10th year this major International and domestic show has been in existance. This show is for Florida suppliers only and is a smaller version of the Pow-Wow.

* Along with the FDOT we blitz in different cities and participate in mini trade shows. These are Florida only shows and the FDOT serves as an umbrella under which Florida businesses can afford to come to these shows and promote themselves and the state to other cities.

* FDOT sponsors a convention show in which we participate that blitzes Washington, D.C., Chicago and New York.

* The Orange and Kissimmee/St. Cloud Chamber of Commerce sponsors meal functions at big shows. For example, the American Society of Association Executives (ASAE) is having their final banquet at Sea World of Florida.

* Kissimmee Chamber of Commerce co-sponsors many blitzes, trade sections, and consumer shows in which we participate. We also work with the Orlando Chamber on similar promotions.

Most of the government services act as facilitators and organizers. Most of the costs of trade shows are underwritten by the businesses which participate in the events. Most businesses would not have the budget to promote themselves on such a large scale without these government services.

Sea World®

May 23, 1986

The Honorable
Ike Skelton
Chairman, Subcommittee on Exports
and Special Problems
United States House of Representatives
B-363 Rayburn House Office Bldg.
Washington, D.C. 20515

Dear Congressman Skelton:

This letter supplements my remarks given during your oversight hearing on tourism and small business.

For the record, I am providing you with estimated expenditures by Sea World of Florida benefiting small business in 1985.

ESTIMATED EXPENDITURES BY SEA WORLD OF FLORIDA
BENEFITING SMALL BUSINESS IN 1985

*Purchasing:	Approximately 80% of Total	$3,000,000

Includes tools, security equipment, fire equipment, rentals, appliances, paint, aquarium supplies, office machines, engines, electrical equipment, metals, plumbing, medical supplies, auto supplies, paper, clothing, chemicals, lumber, office supplies, marine equipment.

*Design and Engineering Projects:	100% of 1985 completed projects	$400,000

Includes stadium rehabilitations, shops expansion, road repairs and paving.

Sea World of Florida, Inc. • 7007 Sea World Drive • Orlando, FL 32809 • (305) 351-3600

*Merchandise for Resale:	Roughly 50%	$4,000,000
Merchandise division often works with larger brokers which represent small companies so it is difficult to determine an exact figure.		
*Food Services:	Roughly 50%	$3,000,000
Food supplies and equipment.		
TOTAL PURCHASES FROM SMALL BUSINESSES (estimated)		$10,400,000

As you know, tourism works for America. Thank you for providing me with the opportunity to appear before your Subcommittee to address the important role that the travel industry plays in the economic, social and cultural well-being of this nation.

Sincerely,

R. K. Gault, Jr.

Robert K. Gault, Jr.
President
Sea World, Florida

Mr. SKELTON. Thank you, Bob.

From the Florida Department of Tourism, Mr. Dean Gaiser.

TESTIMONY OF DEAN GAISER, DIRECTOR, FLORIDA DIVISION OF TOURISM

Mr. GAISER. Mr. Chairman, my name is Dean Gaiser, and I am director of the Florida division of tourism in Tallahassee.

I would like to thank this committee for affording me the opportunity of sharing with you today the many positive programs carried out by the division of tourism which benefit the tourism industry of Florida and the State as a whole.

Tourism is Florida's largest industry, and as such, not only improves the quality of life enjoyed by the residents of the State, but also helps to contribute to the overall goals of the State.

Florida tourism provides added income for the State, which is utilized to finance schools, hospitals and other public facilities without increasing the tax burden of the residents.

Sales taxes generated through tourism and recreation-related activities comprise roughly 20 percent of all sales tax collections in the State.

As of 1984, total sales tax collections amounted to $4.5 billion; and over $850 million of that amount was generated through tourism and recreation. That figure, by the way, represents an increase of 8.6 percent over 1983.

In addition, visitors to our State bring in dollars earned elsewhere. This is extremely positive since it multiplies throughout the Florida economy, not only within the tourism industry, but continues in a ripple effect which influences food production, purchase of services by tourism employees and goods purchased.

In addition, the tourism marketplace includes many tourism industry-related businesses, large and small, which generate both revenue and jobs within the State.

Due to the existence of theme parks, hotels, State and national parks, campgrounds and attractions, employment opportunities are provided for well over 500,000 Floridians.

These opportunities cover a wide range of categories. Amusement and recreational facilities currently employ 70,700 people. Those employed in the air transportation business number over 40,000. More than 105,000 work for hotels and motels, while nearly 298,000 work in the food service capacity.

In fact, over 518,000 people are directly employed in the tourism industry in Florida, which is 8.8 percent more than were employed in 1983. And these figures do not even include such support industries as hotel and restaurant suppliers. Many of the employment opportunities are available at the entry level, thus providing employment possibilities for those beginning their careers, as well as added jobs for minority groups or semiretired senior citizens seeking part-time employment.

Another positive feature of Florida tourism is that it improves the quality of life for both visitors and residents in the State.

Florida has very specific environmental protection laws which prevent the impairment of our natural resources by unsightly, dangerous pollution.

Largely due to all these factors and the volume of tourism traffic we receive, our tourism products, such as hotels, theme parks, rental cars and air transportation, are available to residents at discount rates.

And when residents spend money within the State instead of taking their vacations elsewhere, even more dollars are generated to help finance important State programs.

Tourism in Florida also provides economic development through more than just employment opportunities. That means capital investments in hotels, restaurants, attractions, and other facilities.

In addition, tourism provides customers for the many small businesses which sell to visitors, such as gift shops, citrus fruit stands, and family-operated lodging facilities.

All in all, Florida's tourism industry, being the No. 1 industry in the State, is a giant producer. It produces jobs, revenue, economic expansion, and a great deal of pleasure for a vast number of people.

In 1985 an estimated 30 million visitors from the United States and Canada came to Florida. This represents an increase of 7 percent over 1984. In 1984, 1½ million Canadians and about 2 million overseas international visitors enjoyed the many offerings of our beautiful State.

In fact, the number of visitors who come to Florida each year is equal to three to four times the State's population, generating an impressive $15 billion into the State's economy.

Permit me to touch briefly on the role the Federal Government can play to encourage travel to the United States and remove any impediments which might prevent foreign visitors from travel into Florida.

Currently, the U.S. Travel and Tourism Administration, under the Department of Commerce, provides an exit interview analysis by way of their inflight survey. We would like to see this continued and expanded to include a larger sampling of the international visitors.

In addition, tourism should be recognized as a part of the international trade product. In 1984, 21 million international travelers entered the United States. The tourism industry, both large and small businesses, provided services to these people. Inclusion of the expenditures of these visitors can assist the United States in rectifying trade imbalances.

In terms of removing impediments which limit foreign travel to the United States, several realities can be addressed. The first is security. The personal safety of all international travelers from terrorism and drug-related violence requires a strong alliance between both State and Federal Government.

Second, health insurance coverage, which is not always usable in the United States when issued overseas, should be available to foreign travelers, either through reciprocal agreements or some form of extended coverage which the tourist could obtain for trips to America.

The fourth concern should be the Environmental Protection Agency's continued vigilance over Florida's Federal parks and coastlines. Administrators of programs involving offshore drilling

and waste incineration should be acutely aware of Florida's vulnerability in these areas.

And finally, Federal Aviation Administration programs should keep working to ensure a sound air traffic control system which helps guide the travel of all Florida visitors.

It is easy to see that tourism in Florida is a vast, many faceted enterprise which impacts millions of people, both nationally and internationally.

It is an economic workhouse that puts food in the mouths of children and enables small, private entrepreneurs to go into business and stay in business.

A strong partnership on the State and Federal level would continue to be important in enhancing the role we play and one of the key contributors to the free enterprise system in America.

Thank you, Mr. Chairman.

[Mr. Gaiser's prepared statement follows:]

PREPARED STATEMENT OF DEAN GAISER, DIRECTOR, FLORIDA DIVISION OF TOURISM

Tourism is Florida's largest industry, and is extremely beneficial to the state on many levels. In 1985, an estimated 30 million visitors from the United States and Canada came to Florida. This is an increase of 7% over 1984. In 1984, the most current full year figures, 1,556 million Canadians and about two million overseas international visitors enjoyed our beautiful state. The number of visitors who travel to Florida each year multiplies the state's population by three or four times, bringing as much as 15 million dollars into the state's economy.

Tourism in Florida helps to contribute to the overall goals of the state as defined by the Governor.

Tax revenue is generated without increasing the overall tax burden on the residents. The tourism/recreation category of sales tax collections generates about 20% of all sales tax collections in the state. Actual figures for 1984 reflect the scope of tourism's impact. Total sales tax collections amounted to $4,498,315,417; tourism/recreation sales tax collections came to $850,161,342. Tourism/recreation comprises 18.9% of the total and represents an increase of 8.6% over 1983.

Visitors also bring dollars earned elsewhere into Florida and leave them, which has a positive effect because it multiplies throughout the economy. These dollars not only stay in the tourism industry, but multiply into food production, purchases of services by tourism employees, purchase of goods, etc.

In addition to dollars generated, employment opportunities are provided for over 500,000 Floridians. These opportunities cover several categories:

Air Transportation - 44,300; Eating and Dining Places - 297,800; Hotels and Lodging - 105,300; and Amusement and Recreation - 70,700. This totals to 518,100, an 8.8% increase over 1983.

These do not include support industries, such as suppliers to hotels and restaurants, which are indirectly related to the benefits of tourism activity the state enjoys. Many of these employment opportunities are at the entry level, providing opportunities for employees beginning their careers, staffing by members of minority groups or by the semi-retired/elderly seeking part-time employment.

In the area of environmental protection, it should be noted that tourism is a clean or 'smoke-stackless' industry, dependent upon the enjoyment of the natural resources the state has to offer, because of this there is a further inducement for the state and its residents to preserve our clean environment.

Tourism also provides economic development within the state through: 1) capital investments in hotels, restaurants, attractions, and other facilities constructions; 2) increased employment opportunities and 3) providing customers for many small businesses, such as souvenir shops, citrus fruit stands, tour guides, and family operated lodging facilities. Tourism does not discriminate between corporate giants building in Florida and entreprenuers attempting to improve the tourism products.

Tourism improves the quality of life enjoyed by the residents of the State.

Tourism provides more state income for spending on schools, hospitals, and other public facilities and services without increasing the tax burden of the residents.

The standard of living or quality of life for the residents is improved by the emphasis the state puts on maintaining the environment both for the residents and because of the importance to tourism. Environmental sensitivity exists in Florida.

The tourism products, especially hotels and theme parks, are available to be enjoyed by the residents nearby and typically at favorable or discounted rates.

Car rental rates available to residents are the lowest in the country because of the tourism volume.

Air transportation out of the state is widely available at discounted rates because of the flow of visitors to Florida.

State's efforts in promoting travel to Florida from the U.S. and other Countries:

The Division of Tourism supports a staff of 112 professionals. The overall mission of the Division is to promote Florida as the ideal vacation, recreation and convention/meeting center for new and returning visitors throughout the U.S. and foreign nations.

This is accomplished through the efforts of many sections of the Division:

Domestic tour and travel;

International Sales and Publicity;

Group business;

Visitor services;

Research;

Paid advertising;

Public relations;

Publicity.

The Division conducts a number of activities and provides valuable services to market Florida's value, variety, and hospitality. For instance the Division manages a paid advertising program to convince consumers who are planning a vacation or a business/convention meeting, regardless of the time of year, that Florida should be their first choice as a destination. The thrust of the message is that Florida has variety, so much so that a visitor can return many times and still find aspects that are surprising. This is an extremely important message because about 85%-90% of Florida's visitors are repeat visitors. But the message applies to new visitors as well, sort of "a take a look at what you've missed in Florida". Ads are placed in about 21 markets, most of which are east of the Mississippi and skewed to the Northeast. The carefully chosen markets are based on research with exiting visitors which allows the Division to direct the placements of

the ads to the areas where the visitors are coming from. This research also points out the 'emerging' markets where ads and promotions will take place in the future. A new approach this year is to place TV ads on the cable channels using the Weather Channel and CNN. Print ads are also used in publications such as: Newsweek, National Geographic, Sunday supplements, New York Times, etc. Each print ad includes a coupon that can be sent for a free Florida Vacation Guide.

The Division spends $4.3 million, almost one half of its $9.3 million budget, on advertising. It should be noted that many other states are entering the competition for the leisure time of the citizens - Illinois is spending $11 million, California is spending $5 million, the Bahamas - $30 million and Puerto Rico - $7.7 million and the list goes on. The value to a state's economy of the visitor is now recognized by almost every state.

The Division manages a Public Relations/Publicity effort separate from the paid advertising campaign. This effort is directed towards increasing editorial coverage of Florida as a destination overflowing with tourism activities. Division staff concentrate on developing and extending contacts with editors, writers, professional photographers, travel film producers and electronic media representatives. One of the marketing tools used is familiarization trips. Trips are arranged for travel writers, or any of the other groups mentioned above, to show

them differing aspects of Florida-of which they may or may not be aware. In this way the writers are able to write knowledgeably and with personal touches about Florida and what Florida has to offer. Several research studies have shown that articles written by independent third parties are perceived by the consumers as having greater reliability and believability than paid advertisments, thus reinforcing this aspect of the Division's programs.

The Division also manages a Direct Sales Program on both the domestic (U.S.) and international fronts. These activities are designed to reach the travel intermediaries - travel agents and tour operators, the professional planners, the airlines, bus operators, and to a certain extent the consumers, with information about Florida, information about planning for a Florida vacation or convention or meeting, of which these individuals may not be aware. To accomplish this monumental task of educating the world about how great Florida is, a wide range of activities are employed. To a great extent these activities are adjusted to match the needs of the particular audience the Division is addressing. These activities include: sales calls and sales blitzes, consumer shows, travel trade shows, meeting planner meetings, familiarization tours, and other special promotional events. These activities are most

often sponsored by others, but the Division has designed two events which allow us to reach our optimal audiences: Huddle and Encounter. Huddle brings prime **international** tour operators and travel agents to Florida to speak directly with the 'offerers' of Florida products. Encounter offers the same face to face contact to major **meeting and convention planners.** Contracts in the millions for Florida businesses is transacted at these events. Recognizing the importance of the international market and the need to provide immediate assistance when it is asked for, the Division has four international offices staffed by sales and marketing professionals familiar with both Florida and the unique needs of the international marketers. These offices are located in: Toronto, Ontario, Canada; London, England; Frankfurt, Germany; and representing the South American interests a South American office in Coral Gables, Florida.

A very important support service within the Division is that of Visitor Services. This unit oversees a network of Florida Welcome Centers located on major highways leading into the state and another at the State Capital. Research on those individuals who stopped at a Welcome Center in 1985, indicates that these travelers found the personnel to be both courteous and helpful, and, more importantly, enhanced their trip experience in Florida in some manner based on the information they found at the Welcome Center (approximately 60% indicated

they changed their plans in some way). The "We're Glad You're Here" campaign does much to promote a positive response to the visitor when they check into their hotels, eat at restaurants, etc. The visitor sees signs, billboards, and lapel buttons telling them that the people of Florida hope their trip is a good one. Hospitality is very important to the trip experience. Visitors will decide to recommend a destination or return to a destination dependant, in part, upon how welcomed they feel. Visitor Services targets both the hospitality industry and individual citizens by offering educational programs that hotels, restaurants and civic groups can use to improve the hospitality they offer to the visitors.

Research plays an important role by assisting the other units of the Division in effectively directing their programs in order to produce the most benefit to the state. Research is involved in almost every program the Division uses. Testing of the advertising, evaluation of welcome center visitors, demographic and psychographic analysis of the visitors on subjects of specific interest such as: international visitors from Europe, traditional markets and positioning Florida to visitors, perceptions and attitudes about Florida among Canadians in both the eastern provinces and the western provinces, the vacation habits of Floridians and how the state can impact on them. This information is used by the Division

and is available to the Florida tourism industry for their own strategic planning. Marketing research reduces risks and helps to assure desirable program results. It pinpoints markets and the habits of the consumers, and evaluates the end results of program application. Research at the Division examines both the historical perspective by interviewing visitors as they exit, and the future by studying the reasons why consumers do or don't choose Florida as their vacation destination.

The visitor who comes to Florida

The United States is the origin of about 90% of the visitors to Florida, with traditional markets being skewed east of the Mississippi River and north. This is tied to accessibility: Interstates 75 and 95, and discount non-stop north-south air routes.

Canada: About 1.5 million Canadians come to Florida every year. More nights are spent in Florida by Canadians than they spend in any other state: 28.5 million nights, compared to New York and California, each at around 6.5 million nights.

International (overseas) visitors: About two million visited Florida in 1984. Florida ranks second only to New York in the number of arrivals of international visitors--according to data from the U.S.D.O.T. international air travel

statistics. Florida ranks number one for first addresses listed by international visitors--according to data from the USTTA. And the USTTA Inflight Survey indicates that Florida is one of the top five destinations within the United States.

Studies also reveal that Florida is primarily an out door destination, is seen as a family vacation destination, and offers excellent value and variety. Florida is also a primary meetings and conventions location. In addition, Florida plays a very special role in foreign travel to the United States. To the international visitor, Florida is a microcosm of America. A trip to Florida represents exposure to the American experience. This includes lifestyle, foods, fashions, and the opportunity to speak with Americans from all over the country.

Federal government role:

The main roles of the federal government should be: to promote travel from other countries to the United States; to asist the individual states in their attempts to promote internationally; to develop and maintain a data base on international travelers; to maintain a sensitivity to environmental issues, especially as they can impact on visitation; and to facilitate travel to the United States.

Recent research conducted on the traditional origin markets for Florida examined the planning behaviors of the potential visitors. A significant finding was that a traveler will plan from the broad to the specific in chronological manner. One of the first decisions made is the general destination, in our case Florida; then the specific destination - for example, Orlando; followed by hotels/lodging type, highway mapping, attractions to visit - details of the daily trip. These progress from fairly distant in time from the point of leaving on the actual vacation trip to close in time. Additionally, this study found that a 'state tourism office' was seen as a reliable and believable source of information since the 'office' was not directly profit oriented. Similarly, the role of the federal government, promoting tourism to the United States, should be comparable to the role of the Division, promoting within the United States: to promote the generic United States, providing factual and reliable information to the potential international traveler during that time when their initial planning phase is taking place. The destinations and properties within Florida, and as well as within the United States, cannot provide this overview of the total opportunities for travel that a 'state' or 'federal tourism office' can.

Currently the United States Travel and Tourism Administration (USTTA) under the Department of Commerce provides an exit interview analysis via their Inflight Survey. We would like to see this continued and expanded to include a larger sampling of the international visitors. The USTTA also obtains the I-94 form from the U.S. Naturalization and Immigration Service to provide a report on the international travelers who enter the country. This report provides valuable volume information by state and also needs to be continued. The USTTA completes other reports and analyses which individual states do not or cannot have access to the primary data. The USTTA role in data collection on the international visitors is of extreme importance. The United States Department of Transportation completes an analysis of the I-92 form from the U.S. Naturalization and Immigration Service, this effort should also be continued.

In addition, tourism should be recognized as part of the international trade product. In 1984, twenty one million international travelers entered the United States. The tourism industry, both large and small businesses, provided services to these people. Inclusion of the expenditures of these visitors can assist the United States in rectifying trade imbalances.

In terms of removing impediments which limit foreign travel to the U.S., several realities should be addressed. The first is security. The personal safety of all international travelers from terriorism and drug related violence require a strong alliance between both state and federal governments.

Secondly, health insurance coverage, which is not always usable in the United States when issued overseas, should be available to foreign travelers, either through reciprocal agreements for some form of extended coverage which the tourist could obtain for trips to America.

A fourth concern should be the Environmental Protection Agency's continued vigilance over Florida's Federal parks and coastlines. Administrators of programs involving off-shore drilling and waste incineration should be acutely aware of Florida's vulnerability in these areas.

And finally, Federal Aviation Administration programs should keep working to ensure a sound air traffic control system, which helps guide the travel of all Florida's visitors.

In the area of promotion, research shows that travel to Florida tends to occur in the off-season, thus balancing the tourism flow across the year. Continued promotion of international travel in these off-peak times will continue to enchance Florida's economy.

Mr. SKELTON. Thank you, Mr. Gaiser.

Carolyn Fennell—did I pronounce it correctly?

Ms. FENNELL. Fennell.

Mr. SKELTON. From the Greater Orlando Aviation Authority.

TESTIMONY OF CAROLYN M. FENNELL, ASSISTANT EXECUTIVE DIRECTOR FOR COMMUNITY RELATIONS, GREATER ORLANDO AVIATION AUTHORITY, ORLANDO, FL

Ms. FENNELL. Thank you, Mr. Chairman and Congressman Ireland and good afternoon.

It is truly a pleasure, as my colleagues on the panel have said, to appear before you.

In discussing tourism, there is no doubt we are looking at the impact tourism has had. It has taken what was traditionally an agrarian economy and boosted it into high technology; based on this tourism, bringing persons from various countries and domestically who are able to see the offerings of this area.

When we look at the role that Orlando and the central Florida community now plays, we see a lot of high-technology companies moving to this area.

And a lot of them cite that because of the ability to combine both tourism and business, combine both pleasure and business, that it is an ideal location for them to relocate.

We can just look back at the figures of the area, that is, population increase. When we look at 1970 and we look at this area as before Disney started—I mean no harm there, Sea World—but when we look at Disney spurring it on, 1971 is a real spark on the impact of heavy tourism in this area.

We look at the population of this area being somewhere around 428,000. That is the statistical base. We look at 1984, the last census figures, and it is 815,000 people in the area.

That brings us to the airport, which is my subject at this point. Orlando International Airport, if you had been here—and I am sure Congressman Ireland remembers the quonset huts or the missile hangars that were then the airport, that people were kind of embarrassed to bring their friends to, because at that time we had very few airlines.

In 1970, before the big spur of tourism, we had under a million passengers. When we look at the airport today, 1985, our last recorded year, we had 10 million, making this airport the second largest in the State of Florida.

A large portion of that economic impact would go to tourism. If I would go even further for you gentlemen in describing what kind of impact that puts back in the community, you begin to use multipliers, and time won't permit me to do that.

You have some idea of what impact 6,000 employees on that site would have and the potential for growth there.

We also look at the changing profile of the passenger coming through Orlando. Traditionally, a very large portion of it was tourism. But I think you have to look at tourism as the base.

Early on in 1978, at deregulation time, when we had only four airlines, the makeup of the visitors coming to the area was about 75 to 80 percent tourists, and with the remaining mixture business.

We are seeing that profile change, but the numbers are deceiving. Right now about 67 percent is tourist, about 24 percent business, and the other is a mixture. But that number is changing because of conventions/business visits.

When we look at the needs of the community to keep this economy bolstered as it is by tourism, we need to look, I think, overall at the United States in terms of our need to advertise.

And that is something, I think, that the Orlando Airport has served as a catalyst to do in cooperation with Sea World, with Disney World, with the Department of Tourism in Florida.

One of our major hurdles was to get people to recognize Orlando, recognize it as a base community for tourism, and particularly at the airport, for people to know they could land in Orlando and, therefore, not necessarily go to other points of the country, land, and then take another form of transportation to this point, their original destination.

That has been a hurdle that we have overcome by participating in trade shows around the world. We have done a lot of publication development, a lot of promotional activities, as I said, in cooperation with other members of the tourism industry.

What do we see in the future as a need to continue with this economic bolstering that tourism has brought to the area?

One, I think that we as Americans—and as one who has lived abroad for over 10 years—we Americans need to realize that not everybody initially wants to come to these United States of America as a visitor, so we need to promote very heavily.

And I think that this is something that we might be lackadaisical in doing, in realizing that we need to make the United States, and particularly central Florida, attractive.

We can boast figures and say we are the No. 1 tourist destination in the United States, but those figures are enhanced only by continuing our marketing efforts.

We need to develop international visitor perception. Visitors that come here need to be treated as visitors from the time they step off into our customs area.

I would see cooperation there in getting increased customs activity and personnel to make that initial entry into the country not a long wait or a pushing or shoving kind of experience, but one of welcome.

I would also like to see us target not so much the capital cities of other countries as potential markets for tourism, but let's look at some secondary cities.

Let us continue, as Mr. Gaiser was expressing—let's continue the marketing research that needs to be done, that we can better target areas that can be potential markets and produce the kind of people that would come here and increase the economy that was referenced to, the small shops and other kinds of spinoff businesses that have occurred as a result of tourism.

And I think that can be done through the continued effort of committees like yourself who are going about the country hearing what has to be said in communities that are experiencing continued growth.

I congratulate you and thank you very much for the opportunity, and would be glad to answer any questions later on.

Mr. SKELTON. Thank you so much.

Congressman Ireland.

Mr. IRELAND. Thank you, Mr. Chairman.

Carolyn, picking up on what you said, we had Mr. Eugene Fotor, the noted travel editor, come testify before our committee.

I was struck by what he said, that we in America lack a good deal of the expertise in handling visitors when they get here.

Do you see this improving in America? You have had experience on both sides. And if it needs to improve, in your view, how could we improve it?

Ms. FENNELL. I think it starts with the grassroots effort, very much like what has happened in the Orlando area.

There are various groups that have joined together to see how can we help, something as simple as having photo cards to help people identify their needs, when English is not a second language for them.

Now, many times we assume that everyone that comes to the States does speak English, and that sometimes is the case; but there are a lot of visitors that come to this area, particularly to the Florida area, where English is not a second language.

I think increasing awareness on the part of all of our hospitality industry employees that these are visitors and they are my paycheck, that these people are very important, is essential.

I think it starts on a small level; that is, chambers of commerce and other kinds of hospitality and marketing groups continuing promotional programs that would encourage the on-line people to accept the visitors that come to our country.

Mr. IRELAND. You mentioned, and I am sure we would all agree, that the grassroots effort has got to be where it all starts.

Is there a role for State government, Federal Government in any shape or form, in your view, here? Or is the role simply to get out of the way and let the private sector handle it?

Ms. FENNELL. Certainly not.

I think it is a cooperative effort. I think the role of State departments of tourism throughout the country—I think the main thing is to get a cohesive effort, almost a structuring, starting from the grassroots, building on that with State agencies and the cooperation of Federal agencies, all promoting and encouraging and showing what we have to offer.

I think we many times assume everyone knows everything there is to know about the United States. Granted, through the electronic media a lot has been spread about our country, but there is still a lot to learn and a lot to be made aware of.

I think with the combination of efforts from grassroots to Federal Government in promoting jointly that we will achieve that goal of bringing more people to this country.

Mr. IRELAND. We have a tendency to think everybody is just standing on the edge of their shores ready to come over here and visit. And yet, you say your experience is that we need a great deal more promotion than we have had before.

Do you have studies that show that? And what are the blank spots?

Ms. FENNELL. I would not have studies to show that. I am speaking a lot from personal experience and my experience in my air-

port capacity, meeting with international visitors who come to this area, who know very little once they are on these shores.

For a major part, the European visitors are much more intelligent—well, a much more aware visitor of what the offerings are.

I think there is a vast market out there. I think we are going to see more movement toward Asia and the Far East. That is still an uncharted course for us in terms of aviation travel, in terms of transition between the two areas.

But I think, in my personal experience, when you go around—I would gather, when you looked at figures from, say, France, the number of tourists we get from that area is far less than we get from the United Kingdom where we have marketed very heavily, partly because we had the common language that allowed us and made it easy to go in there.

Mr. IRELAND. Bob, could you elaborate a little bit on the fact that in government in general we don't use the expertise of the private sector perhaps as much as we should.

Are there any ways that you see to encourage that cooperation?

Mr. GAULT. Well, I certainly think that your committee can encourage it. It is a very broad-brush comment, but it is one which we sense and one we have experienced in our communications with the Federal program and the division of tourism.

It is just a matter of taking the time, I think, to create forums to establish strategies where we can work together in promoting travel and tourism.

I just think we need to set the environment for it and bring the private sector together with the U.S. organizations and the State organizations to create those forums and other platforms for the promotion of tourism.

I know it is a very broad comment, but it doesn't seem to happen that often. Many times, programs are established and we are informed about them after they are in progress. And we see many areas where we could have provided input that would have made these strategies more effective or provided our expertise or manpower or dollars, for that matter, or marketing, advertising, cooperative dollars to help support the governmental expenditures.

Mr. IRELAND. Are there problems of turf between parts of the private sector and between the Government that you see?

Mr. GAULT. In terms of ego or——

Mr. IRELAND. Well, just——

Mr. SKELTON. Say yes.

Mr. IRELAND. I wouldn't want to characterize it all as ego.

Mr. GAULT. Yes; they do. That is their job, and that is what they are paid to do.

From the agency standpoint, it complicates the problem when you bring other people into the forum. It gets much more complicated. It takes more time and creates more frustration for the agencies.

But in the long run, if they take the time to bring the travel industry into it early on, and I don't mean creating a camel by committee, I think they could do a better job in bringing key people in from time to time, getting their input, and then taking the time to fold it into their strategy.

Many times, when we do get together with agencies, the input is not heeded. You more or less just go through the motions, provide the input, and you see the final product, whether it is an advertising campaign or promotional campaign, and you don't see the input heeded.

It should be more than just the agencies listening to us; they should put to use the recommendations we provide.

Thank you, Mr. Chairman.

Mr. SKELTON. I remarked to Congressman Ireland coming in this morning as we drove in, oh, I suppose, approximately a 12- to 15-minute drive, and during 5 of those minutes we saw three automobiles with an Ontario license tag on them.

I am impressed with the number of Canadian license plates, out-of-State licenses or plates with a Z that we saw; I understand the Z license plates are rental cars. So, we were probably among more Missourians than we thought.

Mr. IRELAND. Those Missourians are everywhere.

Mr. SKELTON. The comment was made a moment ago about even closer communications with the Government. I will ask each of you to comment on this.

Bob, we will start with you. I also notice that you have a full-time office in Washington and have a person dedicated to getting specific licenses for your work.

My question is, How much does the Government, the Federal Government, hamper you? And, of course, let's look at the other side of it, too. How much do they assist in your business, not just from the licensing end but from all aspects?

Mr. GAULT. Well, I think our relationship through our Washington office has been excellent.

And, again, I think the Washington office has primarily benefited Sea World through just basic communication about what we do, what we are, what impact our business has on the economy, and the importance of our business in terms of educating the public, as well as entertaining, and the other side of the business that you don't see when you come to see Shamu.

So, I think they have done an excellent job of communication, and they have been well received by your body and by the Senators.

I really have nothing but good things to say about the cooperation we have received through this communication process.

Mr. SKELTON. Congressman Ireland touched on it. Mr. Gaiser, would you please give us an answer on that?

Mr. GAISER. On the relationship between——

Mr. SKELTON. Yes.

Mr. GAISER. From our situation, our posture is government with government. We have an interesting association with the Federal Government.

Our association essentially is the United States Tourism and Travel Administration. But so many other areas also, everything from the Department of Highways, those regulations with air travel, all these kinds of things are all factors we have to consider and be knowledgeable and aware of and have our voice heard.

But from the promotion and advertising standpoint of tourism, ours, again, is the Department of Commerce. Our relationship is very good with those people.

They have offices—from an international standpoint, they have offices in essentially those countries that we have a concern for.

We are yet to enter, at least strenuously, the East, Japan, and so forth, because it is a long ways away, and we don't have the kind of services we need.

But we do work very closely with the offices in Canada, London, Germany, France, Italy, and so forth.

You were mentioning the Canadian influence in Florida, and it is extensive. It is our largest international marketplace.

There is a nice figure that goes with the Toronto office—60 percent of all the queries that the United States Tourism and Travel Administration get are for Florida, for the entire United States. So, we figure we just have a branch office there that complements our efforts in our office there.

They have mounted some cooperative type advertising programs in some international countries that we have participated in.

Ordinarily, when I say "we" I guess I am responding for the industry rather than just the division of tourism, because interestingly, we don't have anything to sell.

The division of tourism has no hotel rooms to rent, no tickets to sell, no menus to write. Our responsibilities is to provide the forum or the marketplace for those events to take place.

So, our responsibility is that of a catalyst bringing buyer and seller together. And a way we can do that, as Mr. Gault suggested, is to have an understanding comprehension of what each other is doing.

I would suggest this as a complement. The United States Travel and Tourism Administration, something they did just recently, they developed a marketing program for their international efforts by utilizing the industry from the United States.

There was a representative from Sea World on that committee. They only had one State travel director; I was fortunate enough to be that travel director.

But it was made up of people from the airlines, from the attractions, and those kinds of things.

And they wrote the entire marketing plan for the U.S. Travel and Tourism Administration.

So, our response and our reaction to working with the Federal Government has always been good. I guess they depend on us; we depend on them. So, it works out very well.

Mr. SKELTON. Ms. Fennell.

Ms. FENNELL. I would just concur with my fellow panelists. The airport has no authority, but we are more the landlords for the airlines.

But we still get involved with the marketing and we have been able, successfully, in terms of luring international carriers, to use Department of Commerce figures and research data, which gives a less biased slant.

Anything that comes from the Government tends to be accepted as gospel, and that has been very helpful in that effort.

I didn't go into our cooperation with other agencies, that is, FAA, Customs, Agriculture, Immigration; but, basically, our response or our activity with the U.S. Travel Service has been a very positive one.

It is always good to go to a travel show of another country and see them in place.

Mr. SKELTON. What would you have the USTTA doing that they are not doing now?

Ms. FENNELL. Targeted that way, I probably could not think of any right now, because there has been so much cooperation.

There has been a lot provided. There is never an end, I suppose, to more statistics to show your side of it in trying to promote your area.

I cannot think of anything at this point.

Mr. IRELAND. Mr. Chairman, could I ask something?

I think Dean alluded to, and Carolyn, you mentioned, the Customs Service. You mentioned that we could do better if we had more people, and that means more money.

Is it all—the problems that come from customs—is it all just numbers, or is it the need for training or what?

As you can tell, I am biased against just solving things with money. One of the things I was wondering is if Customs didn't need more people, didn't need more handlers, didn't need more space, but it just needed somebody that was a little bit more courteous.

Mr. GAISER. It is only bad now; it used to be horrible. Going into some of the ports of entry in Florida, Miami used to have a minimum 45-minute wait. That is not necessarily so anymore.

Mr. SKELTON. Yes; it is. It happened to us last weekend.

Mr. GAISER. It can be tough. But it would take 2 hours to clear the Miami airport. There is a problem with staff, or some expeditious way of moving those people, whatever it is.

You also have the problem with immigration-naturalization. Everyone who visits the United States has to get a visa from the Embassy, wherever the country.

Sometimes these Embassies are not convenient to get to. People really have to make a concerted effort in order to get all the paperwork necessary just to take a holiday to Florida.

They don't demand those same—they are not reciprocal. We can go anytime we want to. We have a passport in hand and go visit their country. An equal convenience or reciprocal convenience doesn't exist in the United States.

Perhaps those things are necessary. As we talk to Customs, they say they are necessary because of drugs, because of whatever.

But it seems to work in other countries. You just walk through. They are glad to see you. There is no problem unless you fit a profile of some kind, and then they might pull you.

I haven't been stopped or had a bag checked in a foreign country ever, I guess; just walk through.

But it is really convenient, and it is really tenuous sometimes in the ports of entry in the United States.

Mr. SKELTON. Only time prevents me from telling my experience last week in coming back from Panama through the Miami Airport.

Mr. IRELAND. Carolyn, how are things doing at the Orlando Airport?

Ms. FENNELL. Very well. We are developing an international market at this point. We have only had international status since 1977, but our international tourism is growing.

Last year, 1985, we had a 37-percent increase in that area. So, we foresee the time that we will continue to grow and will be a major international destination.

Mr. SKELTON. Let me ask this question, Andy.

When you talk about numbers of foreign visitors that either come in or go out of the Orlando Airport——

Ms. FENNELL. We are talking about passengers who enter or use Orlando as a gateway.

Mr. SKELTON. Numbers, please.

Ms. FENNELL. Last year, about 389,000 that we could identify. But we do have the situation where a number of our international visitors—we have identified over a million in this area, but a number of them enter through Miami and/or Atlanta, so they would show up as domestic passengers when we full well know they are international visitors, indeed.

Mr. SKELTON. I have a last question for Mr. Gault.

Would you expand on how the USTTA has key world markets not normally economically feasible and also your role in the group that Mr. Gaiser mentioned?

Mr. GAULT. Well, we deal with the United States Travel and Tourism Association through the Discover America Pow Wow Program, which is an excellent program which puts the entire industry in touch with clients and vendors, if you will, from international clients and vendors.

It gives us a forum in which to sell Sea World, and the Department of Travel and Tourism in Florida to give their pitch. So, it provides that forum to bring a lot of people together and communicate.

We do work with them in the United Kingdom, and Canada, on a cooperative basis. So, they do provide a good vehicle for us to piggyback on.

But certainly, I think we would hope that the budget could be increased, or that their budget could be increased in terms of promoting travel and tourism in the United States.

Mr. SKELTON. Not in this environment of our budget. It is just not going to happen.

Mr. GAULT. I understand.

Mr. SKELTON. Thank you so much for being with us. We do appreciate it. We look forward to sharing your comments with the rest of the committee when we get back.

Mr. IRELAND. Thank you very much.

Mr. SKELTON. Panel No. 2, Professor Huse—did I pronounce it correctly?

Mr. HUSE. Yes.

Mr. SKELTON. Dr. David Rockland, Terry McDonough. Did I pronounce your name correctly? Is it Professor Huse?

Mr. HUSE. That is correct, sir.

TESTIMONY OF RICHARD A. HUSE, SCHOOL OF HOSPITALITY MANAGEMENT, FLORIDA INTERNATIONAL UNIVERSITY

Mr. HUSE. Mr. Chairman, Congressman Ireland, thank you for the privilege of being here. I would like to briefly summarize the remarks that I have typewritten for you.

Mr. SKELTON. Without objection, we will put the entire statement in the record as presented, and you are free to summarize.

Mr. HUSE. Thank you very much, sir.

Your two questions you posed to me in your letter asked me to comment on the things which I felt that the U.S. Government might do in relationship to tourism, and to also, if I would, comment on where tourism is going in the future.

I chose to do that with you in three major points within the testimony. Point one was a national view of tourism; two, needed Government positions on tourism; and three was a prognosis for tourism in the next 15 years.

I have indicated in the first part of the remarks that I don't think we view tourism in a proper manner. I think we look at it from the view of the 40th floor, as opposed to the view of the basement.

When we say tourism in the United States, we talk about the top 20 hotel chains; we talk about 8 or 10 airlines; we talk about a couple of buslines; we talk about Amtrak; and we talk about the top 20 attractions in the United States. And we stop. And that is tourism. And always, when we turn to tourism, we say, look at Sheraton; look at Hyatt; look at this or that.

What we have forgotten here, I took about a page to list, because that is the backbone of tourism that you have missed, and I think we all have missed.

We have missed 20,000-plus travel agencies. Now we recognize names of travel agency organizations such as ASTA or ARTA, those names that are familiar to us.

But those 20,000-plus travel agencies are owned 50 percent by women. Their salary scales are very interesting. They are individual entrepreneurs.

How about the 250,000 individual cab owners in the United States, the over 400 bus owners in the United States? And you can go on and on and on, the 100,000 restaurant owners.

That is the kind of structure we are dealing with here. We have hundreds and thousands of attractions that never get counted.

Now, that is the kind of view that we have. We look at it; we don't even look at it in an international context. We look at it from a domestic standpoint, and we say, well, that is the responsibility of the States, and that is the responsibility of the cities, and that is the responsibility of the private sector.

And I have no problem with that, excepting for the fact that I as a private citizen cannot go to France and officially represent my country. I have no official standing. They wouldn't know where I was coming from or to whom I was speaking or where I was going.

What I am saying to you is, I don't think we realize the enormity of this thing that we call an export. It is an invisible export. We can't export tourism, because tourism is placebound. Everything that we have here is glued on to the face of our piece of the world.

What we do export is our country and the businesses in it that represent tourism. And I don't think we are doing that in an adequately framed context at this point in time.

If you take a look and add up the money that was spent in 1983—and it is not all money either, OK. Canada, the Bahamas and Mexico in 1983 spent a combined total of $249.7 million, I believe the figure is. In the same period of time we spent $7.6 million.

Now, I am not proposing that we take a $100 million pile and push it over on the world. I don't think that solves anything. I don't think we are ready for that kind of flow of people that would be generated because of that.

But what I am here concerned about are the things that I think could happen over a near term and the things that I believe that you gentlemen, as well as the rest of Congress, could and should be involved in.

Let's support USTTA to a larger degree than we have, not only from a money standpoint, but let's for once and forever get the administration of this country off of the back of a business organization that can sell us and help us to compete.

It is not only President Reagan's administration; it is previous administrations.

I pointed out to you in there the history of it, all the way from the USTS, which I go back to—24 people judged the best, most efficient organization in Government, and they were so maligned that they practically drove the first director out of office. They had no respect at all. And those people did an enormous job.

I used to go up there and walk in there, and they would say, "What can we do for you?"

"I need a brochure. I need it in five languages, and I don't know how to do it."

"Don't worry about it; we will take care of it."

And it would get done. What I am trying to say to you is they were attacked then; they are attacked now. I think Congress can stop that once and for all by establishing the validity once and for all of the agency. That is one.

Free up the visa bill out of the omnibus bill in Congress. Get it out of there. Get a tourist card for our visitors. That alone is going to help people coming through the airports. Right now we have to go to two stations instead of one station.

Tourist cards—at least by our friends and our trading partners, you get a tourist card. We go all over the world with tourist cards.

Why, for heaven's sakes, have we never turned around and said, "Hey, thank you for the privilege of coming to your country; now you come visit us. Here's a card."

We are still hung up in a situation that got started in World War I trying to prohibit people sneaking across the border of Canada into the United States as spies, and that is a historic fact. I think it is time we got rid of it, because they can still come in if they want to.

I think that we need to do some research here, gentlemen. I think that you as Congressman can encourage along these lines. We do this with the Department of Education; we do this with health; and we do it with sciences, with enormous grants, some of

which I don't think really ought to be given, if you want to know the truth.

But be that as it may, I think we need to say to USTTA, look, let's get some pragmatic research done here. let's find out how many businesses are involved here. Let's find out how many hundreds of millions of dollars of product was bought in the United States and carried out of the United States, which is not figured.

And, one of the ways you can do that is by establishing an SCI number. Tourism doesn't have one. You can't track tourism in standard industry classifications. It is not there.

Those are my suggestions.

Where do I think we are going? I don't think, short of total cataclysmic disaster, you are going to slow tourism down. I have given you some predictions in there based on some pretty solid background and findings.

But you are going to see an approximate 5 to 6 percent increase in world tourism arrivals in the world between now and the year 2000. That equates to nearly a billion people moving by the year 2000 in tourism.

All I want us to do is get our piece of that action so that we can help pull down some of that import deficit that we have, which is going to rise, as you well know.

By the year 2000 it is predicted to be 35 percent of gross national product. Now, the more tourists we get in here spending bucks than in other countries, the better off we will be.

That should summarize it.

[Mr. Huse's prepared statement follows:]

PREPARED STATEMENT OF RICHARD A. HUSE, SCHOOL OF HOSPITALITY MANAGEMENT, FLORIDA INTERNATIONAL UNIVERSITY

THE SCHOOL OF HOSPITALITY MANAGEMENT DEEPLY APPRECIATES THE OPPORTUNITY TO PRESENT TESTIMONY TO THE SUBCOMMITTEE.

THE SCHOOL OF HOSPITALITY MANAGEMENT OF FLORIDA INTERNATIONAL UNIVERSITY IS A FULLY SEPARATE SCHOOL WITHIN THE UNIVERSITY WITH THIRTY-FOUR FULL-TIME AND SIX VISITING FACULTY ALL OF NATIONAL RANK IN THEIR VARIOUS FIELDS. THE UNIVERSITY IS A COMPLETE FOUR-YEAR INSTITUTION, AND A PART OF THE UNIVERSITY SYSTEM OF THE STATE OF FLORIDA. IT GRANTS ALL DEGREE LEVELS, AND ENJOYS THE POSITION OF BEING A GROWTH INSTITUTION AS OPPOSED TO ONE WITH SHRINKING ENROLLMENT. THE UNIVERSITY IS RELATIVELY NEW, HAVING OPENED IN SEPTEMBER OF 1972. AT THE COMPLETION OF COMMENCEMENT IN APRIL OF THIS YEAR, THE SCHOOL OF HOSPITALITY MANAGEMENT WILL HAVE GRADUATED OVER FIFTEEN HUNDRED STUDENTS, NINETY-SIX PERCENT OF WHOM ARE WORKING IN THE TOURISM INDUSTRIES TODAY AND WHO WERE DIRECTLY PLACED IN MANAGEMENT TRAINING POSITIONS PRIOR TO GRADUATION. AS PROFESSOR OF TOURISM, MY SPECIFIC RESPONSIBILITIES WITHIN THE SCHOOL ARE TO ADDRESS THE SUBJECTS OF TOURISM MANAGEMENT; TOURISM DEVELOPMENT; TRAVEL AGENCY MANAGEMENT; CONVENTION, MEETING, AND TRADE SHOW MANAGEMENT; SALES MANAGEMENT; AND SOCIOLOGY OF LEISURE. I HAVE TWENTY-FOUR YEARS OF EXPERIENCE IN THE FIELD.

IN MY TESTIMONY BEFORE YOU TODAY, I WILL DEAL WITH THREE MAIN POINTS:

1. NATIONAL VIEW OF TOURISM
2. NEEDED GOVERNMENT POSITION ON TOURISM
3. PROGNOSIS FOR TOURISM IN THE NEXT FIFTEEN YEARS

POINT 1: WE, AS A NATION, DO NOT GRASP THE SIGNIFICANCE OF TOURISM AS A NATIONAL ECONOMIC BASE. WHAT WE SEE AS TOURISM ON A DAILY BASIS ARE THE TWENTY OR SO MAJOR HOTEL CHAINS, THE TEN LARGE TRUNK AIRLINES, THE TWO NATIONAL BUS LINES, THE NATIONAL RAILROAD, AND THE TOP TWENTY OR SO NATIONALLY RECOGNIZED TOURIST ATTRACTIONS. THE ROLE OF OUR INDUSTRY LEADERS SHOULD NOT BE MINIMIZED. TOGETHER, THEY EMPLOY HUNDREDS OF THOUSANDS OF PEOPLE. HOWEVER, THEY ARE, BY NO MEANS, THE MAJOR PART OF OUR TOURISM ECONOMIC BASE. THE BACKBONE OF TOURISM IS MADE UP OF THE 27,000 TRAVEL AGENCIES IN OUR COUNTRY, THE INDEPENDENT TAXICAB OWNERS, THE 400-PLUS BUS LINES, THE SMALL COMMUTER AIR CARRIERS, THE GROUND TOUR OPERATORS, THE 100,000-PLUS RESTAURANTS, THE HUNDREDS OF INDEPENDENT HOTEL AND MOTEL OWNERS, THE THOUSANDS OF INDEPENDENT GAS STATION AND AUTO REPAIR FACILITIES LOCATED ALONG EVERY MAJOR HIGHWAY IN OUR COUNTRY, THE HUNDREDS AND HUNDREDS OF ATTRACTIONS THAT NEVER GET COUNTED OR EVEN MENTIONED IN PASSING, THE MANUFACTURING INDUSTRIES WHICH MAKE THE ALMOST ENDLESS NUMBER OF PRODUCTS PURCHASED AND USED IN PURSUIT OF VACATION FULFILLMENT AND HAPPINESS. WHAT THIS INCOMPLETE LIST MEANS IS "SMALL BUSINESS" IN "GIANT RED LETTERS." THESE SMALL BUSINESSES, WHEN COMBINED, REPRESENT THE MOST COMPLEX TOURISM PLANT AND DISTRIBUTION SYSTEM EXISTING IN THE WORLD TODAY. IT IS AN ASSET OF ENORMOUS SIGNIFICANCE WHICH, IF USED PROPERLY, COULD GO A LONG WAY IN SOLVING OUR IMBALANCE OF TRADE PROBLEMS. YET, IT IS AN ASSET WHICH HAS NEITHER COHESIVE LEADERSHIP NOR BROAD RECOGNITION AT THE FEDERAL LEVEL OF GOVERNMENT; AND, THEREFORE, LITTLE CHANCE TO MARKET ITSELF TO THE WORLD.

POINT 2: TRADITIONALLY, AS A COUNTRY, WE HAVE VIEWED TOURISM

AS A DOMESTIC PHENOMENON; AND, THEREFORE, THE RESPONSIBILITY OF STATE AND LOCAL GOVERNMENTS AND THE PRIVATE SECTOR. THOSE SECTORS HAVE DONE A CREDITABLE JOB EVEN TO AND INCLUDING MARKETING TO THE WORLD TO THE BEST OF THEIR ABILITY. COMBINED, THEY HAVE SPENT EACH YEAR HUNDREDS OF MILLIONS OF DOLLARS TO PROMOTE AND DEVELOP OUR NATIONAL TOURISM PLANT. YET, THE DOMESTIC STRUCTURE HAS BEEN REBUFFED WHEN IT HAS TURNED TO BOTH PAST AND PRESENT ADMINISTRATIONS.

RETURN TO THE VERY EARLY 1960'S AND THE ADVENT OF THE U.S.T.S. - A SMALL, INSIGNIFICANT PART OF THE UNITED STATES DEPARTMENT OF COMMERCE. ALTHOUGH THE GROUP WAS SMALL IN NUMBER, IT TRULY HELPED IN MARKETING LOCAL PRODUCTS TO THE WORLD. IN THE YEARS THAT FOLLOWED, HOWEVER, THERE WAS RARELY A GOVERNMENT AGENCY WITH LESS SUPPORT OR RECOGNITION. YET, JOHN BLACK AND HIS STAFF HAD THE ANSWER THEN THOUGH MANY FAILED TO RECOGNIZE IT.

IN 1981, U.S.T.S. WAS REPLACED WITH U.S.T.T.A. THE VAST MAJORITY OF OUR DOMESTIC TOURISM STRUCTURE FELT THAT WITH THE NEW AND LARGER AGENCY, THE UNITED STATES COULD FINALLY BEGIN TO COMPETE WITH THE REST OF THE WORLD. RATHER THAN SEEING THE PROGRESS THAT WAS EXPECTED, WE HAVE SEEN CONTINUED ATTACKS ON THE NEW AGENCY. AS THE MEMBERS OF THE COMMITTEE ARE WELL AWARE, THE PRESENT ADMINISTRATION HAS PROPOSED TO DO AWAY WITH THE AGENCY ENTIRELY. IF U.S.T.T.A. IS FOLDED, OUR CHANCE TO REALLY MAKE THE UNITED STATES TOURISM STRUCTURE A FORCE FOR ECONOMIC BENEFIT AND PROFIT ON AN INTERNATIONAL BASIS WILL ALSO BE FOLDED. THE U.S.T.T.A. CAN AND SHOULD BECOME A STRONG VOICE IN PROMOTING OUR COUNTRY ABROAD NOT

ONLY AS A MEANS OF HELPING THE SMALL BUSINESS STRUCTURE OF UNITED STATES TOURISM TO PROFIT BUT AS AN ADDITIONAL FORCE FOR PEACE IN THE WORLD.

WHILE THE ABOVE IS GENERAL IN NATURE, IT IS, NEVERTHELESS, A FIRM FOUNDATION FROM WHICH TO RECOMMEND THE FOLLOWING TO YOU:

1. THE COMMITTEE AND CONGRESS MUST PLACE THEIR MIGHT BEHIND THE U.S.T.T.A., AND GIVE IT A BUDGET COMMENSURATE TO THE JOB. WE, THE UNITED STATES, AT PRESENT, RANK THIRTY-EIGHTH IN THE FAMILY OF NATIONS IN SPENDING ON TOURISM. OUR CLOSEST NEIGHBORS - MEXICO, CANADA, AND THE BAHAMAS - SPENT A COMBINED TOTAL OF 249.4 MILLION IN 1983 ON A NATIONAL LEVEL. WE SPENT 7.6 MILLION IN THE SAME YEAR.

2. THE COMMITTEE AND CONGRESS MUST LOOK AT THE PROBLEM OF TRULY DEFINING THE ROLE AND SCOPE OF TOURISM AS AN ECONOMIC BASE STRUCTURE. FUNDING TO THE U.S.T.T.A. MUST INCLUDE RESEARCH GRANTS OF A PRAGMATIC NATURE TO UNVEIL THE TRUE NATURE OF TOURISM.

3. THE COMMITTEE AND CONGRESS NEED TO ADDRESS NOW, NOT LATER, THE FREEING OF ACCESS TO THE UNITED STATES BY VISITORS FROM ABROAD. DO AWAY WITH THE DOUBLE ENTRY VISA SYSTEM FOR OUR FRIENDS AND TRUE ALLIES. A TOURIST CARD SHOULD SUFFICE.

4. THE COMMITTEE AND CONGRESS NEED TO EXAMINE CLOSELY MEASURES WHICH ENHANCE THE "INVISIBLE EXPORT" AS WE, IN THE TRADE, CALL TOURISM FOR IT IS AN EXPORT WHICH IS LARGELY UNKNOWN. ESTABLISH, FOR OPENERS, A STANDARD INDUSTRY CLASSIFICATION FOR TOURISM. IT DOES NOT NOW EXIST. ITS ESTABLISHMENT AND DEFINITION WILL ALLOW FOR IN-DEPTH RESEARCH, THE FINDINGS OF WHICH WILL PROVE THE MASSIVE

IMPACT OF THE TOURISM SECTOR.

POINT 3: WHAT OF TOURISM IN THE NEXT FIFTEEN YEARS? TO SOME EXTENT WHAT CAN BE PREDICTED DEPENDS ON THE INDIVIDUAL SECTORS OF THE TOURISM BASE. IN THE ACCOMMODATIONS SECTOR, WE WILL SEE NEW CONSTRUCTION MOVING RAPIDLY INTO THE SMALLER-SIZED FACILITY OF 150 - 300 ROOMS. HOWARD JOHNSON'S PRIME MOTOR INNS DIVISION ALONE PLANS 300 NEW UNITS OF THEIR NEW PARK PLACE MOTOR INNS. MARRIOTT CORPORATION HAS PLANS FOR AT LEAST 90 NEW COURTYARD DIVISION PROPERTIES. THE SAME IS TRUE FOR OTHER ACCOMMODATIONS CORPORATIONS. THE DEVELOPMENT OF VACATION RESORTS WILL ALSO BE SEEN ON AN INCREASING BASIS THROUGHOUT THE WORLD. THE RESTAURANT BUSINESS WILL CONTINUE TO GROW BUT MUCH MORE SLOWLY, WITH MOST OF THE INCREASE COMING IN THE MEDIUM-UP SCALE RESTAURANT FIELD AND NEW SPECIALTY FOODS AREAS. IN THE TRANSPORTATION SECTOR, WE WILL SEE GROWTH IN ALL AREAS AS MORE AND MORE PEOPLE TRAVEL MORE OFTEN. INTERCITY AUTO PASSENGER MILES WILL INCREASE BY AT LEAST 2% PER YEAR. UNITED STATES SCHEDULED AIRLINE TRAFFIC WILL INCREASE BY AT LEAST 5% PER YEAR. PACKAGED MOTOR COACH PROGRAMS WILL SHOW SUBSTANTIAL INCREASES EACH YEAR. SOURCES WITHIN OUR FLORIDA BUS INDUSTRY HAVE INDICATED THAT THEY SEE 10 - 15% GROWTH PER YEAR IN THEIR BUSINESS. IN THE ATTRACTIONS AREA, MOST MAJOR ATTRACTIONS SUCH AS DISNEY WORLD ARE LEVELING OFF. YET, TAKEN AS A WHOLE, ATTRACTIONS VISITATION WILL INCREASE BY APPROXIMATELY 4% PER YEAR.

EVEN IN MY OWN FIELD OF TOURISM EDUCATION, GROWTH HAS BEEN PHENOMENAL. USING 1968 AS A BASE YEAR, THERE WERE 4 MAJOR INSTITUTIONS WITH MAJORS IN HOTEL, FOOD, OR TRAVEL MANAGEMENT. IN A

STUDY COMPLETED LAST YEAR, WE WERE ABLE TO IDENTIFY 24 UNIVERSITY-LEVEL INSTITUTIONS WITH FULL DEGREE PROGRAMS, AND 468 JUNIOR COLLEGES WITH TWO-YEAR PROGRAMS FEEDING DIRECTLY INTO INDUSTRY AS WELL AS TO THE FOUR-YEAR INSTITUTIONS. THE PROGRAM AT FLORIDA INTERNATIONAL UNIVERSITY WAS BEGUN IN 1972 WITH 250 ENTERING JUNIORS AND SENIORS. TODAY, WE HAVE AN ENROLLMENT OF 850; AND WE HAVE NOT YET SEEN THE TOP-OUT. OTHER EDUCATORS IN THE TOURISM FIELD HAVE SEEN THE SAME THING, AND NO ONE IS WILLING TO PREDICT A DOWNTREND MUCH BEFORE THE YEAR 2000. ADDITIONALLY, WE HAVE IDENTIFIED OVER 100 OF OUR GRADUATES WHO OWN AND OPERATE THEIR OWN BUSINESSES IN EVERY PHASE OF OUR INDUSTRY FROM TRAVEL AGENCIES TO RESTAURANTS.

TOURISM THE WORLD OVER WILL GROW. EVERY MAJOR LIFE-STYLE FACTOR INDICATES THAT BY THE YEAR 2000, WE WILL BE DOWN TO A THIRTY-HOUR AVERAGE WORK WEEK. REAL DISPOSABLE INCOME WILL HAVE INCREASED AT A PACE OF TWO PERCENT PER YEAR. TRANSPORTATION MODES WILL BE SAFER, FASTER, AND CHEAPER. HEALTH FACTORS WILL GET BETTER EVERY YEAR. OUR OWN RETIRED POPULATION WILL CONTINUE TO GROW AT A STEEP PACE. BY THE YEAR 2000, THEY WILL BE ONE OF THE LARGEST PURCHASING BLOCKS IN OUR COUNTRY. THEY WILL BE WELL FINANCED, AND HIGH ON THEIR LIST WILL BE EXTENSIVE TRAVEL. THIS WILL BE TRUE IN MOST OF THE MATURE INDUSTRIAL NATIONS OF THE WORLD. A FOUR TO FIVE PERCENT ANNUAL AVERAGE INCREASE WILL BE SEEN IN INTERNATIONAL TRAVEL.

WE NEED DESPERATELY TO STRENGTHEN OUR NATIONAL POSITION NOW IN ORDER TO TAKE ADVANTAGE OF THE GROWTH.

Mr. SKELTON. Thank you, sir.

Dr. Rockland, representing the Sport Fishing Institute.

TESTIMONY OF DAVID B. ROCKLAND, DIRECTOR OF ECONOMICS, SPORT FISHING INSTITUTE

Dr. ROCKLAND. Thank you, Mr. Chairman.

I would like to give you a brief summary of my statement. The entire written statement has been supplied for the record.

Mr. SKELTON. Without objection, his statement and all statements will be listed and set forth in the record as fully stated. And the witnesses, without objection, will be allowed to summarize.

Dr. ROCKLAND. Let me start by saying that the Sport Fishing Institute appreciates your interest in the topic being discussed here today and the opportunity for us to make a statement regarding the economic importance of sport fishing nationally and in Florida and its relationship to tourism and exports.

I would like to first tell you a little bit about the Sport Fishing Institute. We are a nonprofit, tax-exempt conservation organization dedicated to the protection and expansion of our Nation's renewable aquatic resources.

Our principal objective, by means of professional service, ecological research, and conservation education, is to help develop and promote optimum opportunity for Americans and foreign tourists to engage in healthful and rewarding sport fishing.

The objective of this testimony is to present an overview of the economic importance of sport fishing nationally and in the State of Florida.

In addition, the links between the sport fishing industry, the tourism industry, and the export market are explored.

Let me first give you a national perspective. The Gallup Poll reported in 1985 that sport fishing is our No. 2 recreational activity in this country. It follows swimming. It is the top recreational activity for adult men, with 44 percent participating, and it ranks fifth among women.

What sort of economic impact is there nationally related to sport fishing? In 1985, approximately $25 billion of retail expenditures in our national economy, having an impact of close to a million people employed, resulted from sport fishing.

In addition to the fact that a large number of people are employed as a result of sport fishing, a good many of these individuals are employed in small businesses.

To quote Department of Commerce Bureau of Census figures, approximately three-quarters of the businesses in fishing tackle manufacturing and boat building and repairing have 20 or less employees.

Programs that benefit sport fishing benefit the national economy and benefit small businesses. I would like to provide a brief perspective of the economic impact of sport fishing here in Florida.

It has a tremendous economic impact. Salt water fishing alone accounts for $2.5 billion of retail expenditures, having an economic impact on the order of $6.6 billion in Florida economy and employing approximately 125,000 people.

If we add fresh water fishing along with salt water fishing, we are talking about a quarter of a million people employed here in Florida as a result of sport fishing. Again, a good number of those individuals are employed in small businesses.

I would like to turn now to the issue of trade deficits and exporting sport fishing. In 1984, the United States had a positive trade balance of $2.3 billion in the total service industry. Looking specifically at travel services, we have a negative trade balance of approximately $4.6 billion.

Sport fishing may represent a partial solution to this trade deficit in the travel industry. The USTTA had a study conducted by the Gallup Poll where they asked potential visitors to the United States what are they interested in doing while they are on vacation.

They asked them two questions: First, what are you interested in doing while you are on vacation; and second, what are you interested in doing while you are on vacation in the United States?

Let me quote a couple of figures from that study. West Germany, 53 percent of the potential vacation travelers to the United States are interested in fishing. However, only 14 percent of those individuals are interested in fishing while on vacation in the United States. I think we have the opportunity to promote sport fishing to foreign tourists as a means of expanding our tourism base. The result may be an extra day spent in the United States or taking a vacation here as opposed to somewhere else.

The United States Travel and Tourism Administration has had a very favorable experience with the promotion of snow skiing in the United States to foreign visitors through an informational brochure titled "Ski America." The brochure and familiarization tours for foreign and domestic travel agents have particularly been effective in attracting significant numbers of foreign visitors to skiing areas in the United States.

For the most part, tourist anglers are not aware of the variety of fishing resources nor the ease of accessibility to them in the United States. For example, the "America, Catch the Spirit" brochures from the USTTA have nothing on sport fishing. The strategy to overcome the barriers to greater participation by foreign visitors in recreational fishing is to inform and promote.

A brochure attractively describing recreational fishing opportunities in the United States is a logical first step.

To conclude, sport fishing has a very large impact on the national and State of Florida economies. Many small businesses are supported by sport fishing, and as many as 1 million people are employed nationally as a result of the activity.

We have a negative trade balance in the U.S. travel industry. Many potential visitors in the United States are interested in fishing while on vacation but are not interested in doing so in the United States.

Increasing their awareness in sport fishing opportunities in the United States and in Florida may reduce that negative travel trade deficit and increase the positive benefits in terms of employment and small business opportunities.

Thank you.

[Mr. Rockland's prepared statement follows:]

PREPARED STATEMENT OF DAVID B. ROCKLAND, DIRECTOR OF ECONOMICS, SPORT FISHING INSTITUTE

Introduction

Mr. Chairman, I am David B. Rockland, Director of Economics of the Sport Fishing Institute (SFI). SFI appreciates your interest in the topic being discussed today and the opportunity for SFI to make a statement regarding the economic importance of sport fishing in Florida and its relationship to tourism and exports.

The Sport Fishing Institute is a non-profit, tax exempt, conservation organization dedicated to the protection and expansion of our nation's renewable aquatic resources. Our principal objective, by means of professional service, ecological research, and conservation education, is to help develop and promote optimum opportunity for Americans and foreign tourists to engage in healthful and rewarding sport fishing. Our programs serve the long-term interests of the sport fishing industry, which provides the base of our financial support. The sport fishing industry includes a complex and diverse collection of enterprises that produce and market goods and services demanded by the sport fishing public.

The objective of this testimony is to present an overview of the economic importance of sport fishing nationally and in the State of Florida. In addition, the links between the sport fishing industry, the tourism industry, and the export market are explored.

A National Perspective

The 1985 Leisure Audit, conducted by The Gallup Poll, determined that sport fishing was the second most popular National recreation activity (Gallup, 1985). Approximately 34% of all adults fished at least once in 1985. Sport Fishing was second most popular to swimming (41%), followed by bicycling (33%). In 1985, sport fishing was the top activity among adult men with 44% participating and ranked fifth among adult women with 24% sport

fishing at least once. The long-term trend has been that sport fishing has been ranked in the top three most popular recreational activities in Gallup audits in the last several decades (Gallup Poll, op. cit.).

The U.S. Fish and Wildlife Service's National Survey of Fishing, Hunting, and Wildlife-Associated Recreation has been conducted every five years since 1955. The 1985 Survey is currently under way. The 1980 Survey reported that there were 42.1 million sport fishermen age 16 and older and 11.8 million sport fishermen in the 6-15 age group. Adult sport fishermen took a total of three-quarters of a billion sport fishing trips and spent approximately $17.3 billion to do so (Fish and Wildlife Service, 1982). Inflating the total expenditures to 1985 dollars (Bureau of Labor Statistics, 1985) and allowing for the increasing trend in participation, reported in the 1980 and previous surveys, results in the prediction that in 1985, sport fishermen spent approximately $25 billion to go sport fishing.

A study by the Sport Fishing Institute determined the further economic effects on the national economy related to retail expenditures for sport fishing (Sport Fishing Institute, 1983). Using multipliers from that publication, the total direct and indirect effects of the $25 billion on the national economy are in the order of $50 billion dollars in output and 600,000 person-years of employment. These jobs translate to approximately one million people employed since many of the jobs in the sport fishing industry are part-time.

In addition to the fact that a large number of people are employed as a result of sport fishing, many of these individuals are employed in small businesses. For example, 69.4 percent of those businesses in the classification that includes fishing tackle manufacturing have less than 20 employees and 75.3 percent of those businesses in the boat building and repairing industry have less than 20 employees. At the retail level, much

higher percentages of businesses with less than 20 employees exist. Over 95% of all tackle shops and boat dealers have less than 20 employees (Bureau of the Census, 1984). Charter and head boats average 1.4 person-years of employment per boat (Sport Fishing Institute, 1983).

To sum up the national perspective, sport fishing is a very popular activity. People spend a great deal of money to participate in the sport. These expenditures result in as many as one million employed people. Much of this employment is concentrated in small businesses with establishments having less than 20 employees predominating. Therefore, programs that benefit sport fishing, benefit related small businesses. Programs that negatively impact sport fishing have the opposite effect.

A State of Florida Perspective

Sport fishing has a tremendous economic impact in Florida. During the 1980 fishing season, the Florida Sea Grant College conducted an in-depth study of the economic impact of marine sport fishing in Florida (Bell, et. al, 1982). The highlights of that study, corrected to 1985 dollars with the National Consumer Price Index, are:

- A total of 5.2 million resident anglers and Florida tourists sport fished in Florida's marine waters. Of this total, 58 percent were tourists to Florida and the remaining 42 percent residents.
- Residents spent a total of 42.2 million days marine sport fishing while tourists to Florida spent 16.4 million days sport fishing in saltwater.
- Tourists to Florida spent a total of $995.8 million and residents spent $1.5 billion for saltwater sport fishing.
- The Bell study calculated the total economic impact of marine

sport fishing on the State of Florida as $6.6 billion. There were a total of 123,878 people employed as a result of saltwater sport fishing in Florida.

- Of the Florida tourists who went saltwater sport fishing, over 3 percent were residents of other countries. The majority of these fishermen came from Canada.

The Bell study has been criticized for using too large a multiplier to determine the impacts of retail expenditures as they circulate through the Florida economy. Other criticism include that too many of the expenditures made by tourists and residents were attributed to sport fishing. However, the point is that saltwater sport fishing has a significant impact on Florida's economy and employs a large number of people.

These facts are supported in a second analysis of the economic impact of marine recreational fishing. A study by the Sport Fishing Institute produced National estimates of the economic activity associated with marine recreational fishing in 1980 (Sport Fishing Institute, 1983) with an estimate of $1.6 billion in retail expenditures related to marine sport fishing in Florida. Regardless of whether the Bell or SFI estimates are preferred, the fact remains that saltwater sport fishing contributes significantly to the Florida economy.

The presentation of Florida estimates has addressed only saltwater sport fishing thus far. The 1980 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation reports that total expenditures for fishing in Florida were split almost exactly in half between fresh and saltwater fishing (50.34 percent freshwater and 49.66 percent saltwater, Fish and Wildlife Service, n.d.). Therefore, expanding the SFI estimates to reflect all fishing indicates that the total retail expenditures related to

freshwater and saltwater fishing are about $3.1 billion in 1985 dollars. Expanding the Bell study estimates similarly results in an estimate of $4.9 billion of retail expenditures in 1985 dollars. These amounts do not reflect the effects on the Florida economy, as these expenditures circulate among the various suppliers of goods and services to the directly impacted businesses.

As discussed above, sport fishing impacts and supports small businesses. This fact is validated indirectly if one looks at the breakdown of businesses by size class in Florida in comparison to the Nation. Nationally, 57.9 percent of all establishments have less than 20 employees and 29.4 percent have four or less employees. In Florida, a state with a tremendous sport fishery in terms of participation and economic activity, 81.6 percent of all establishments have less than 20 employees and 63.2 percent have four or fewer employees (Bureau of the Census, 1984).

Trade Deficits and Exporting Sport Fishing

In 1984, the United States had a positive trade balance of $2.3 billion in total services (Ascher, 1986). Services include banking, insurance, advertising, tourism, and a variety of other industries whose outputs are other than tangible goods. Looking at the travel service (tourist) industry, a negative trade balance of $4.6 billion existed in the travel industry in 1984 (Ascher, op.cit.).

Sport fishing may represent a partial solution to this deficit. A recent Gallup Poll survey of potential travelers to the United States provided the following statistics (Gallup, n.d.):

Country	Portion of Potential Vacation Travelers to U.S. Interested in Fishing	Portion of Potential Vacation Travelers to U.S. Interested in Fishing While in U.S.
United Kingdom	13%	10%
West Germany	53%	14%
France	73%	19%
Australia	18%	13%
Japan	14%	8%

The difference between the percentages of potential travelers to the U.S. who are interested in fishing as part of a vacation versus those travelers interested in fishing in the United States may indicate a marketing opportunity. The U.S. has tremendous sport fishing opportunities. In Florida, in particular, freshwater and saltwater fishing opportunities abound. Showing visitors from France, three of every four of whom are interested in fishing while on vacation, that there are are very good sport fishing opportunities in the U.S. may increase the number of French visitors interested in fishing in the U.S. The result may be an extra day spent in the U.S. or taking a vacation here as opposed to elsewhere. Such changes may result in a better trade balance in terms of travel services.

This argument applies to all potential visitors to the U.S. Florida is particularly applicable to such promotion as vacationers from the United Kingdom chose Southern Florida as the top choice of where to go fishing in the U.S. Southern Florida was the second choice of French visitors (Gallup Poll, op.cit.). Programs that promote U.S. tourism should promote sport fishing in the U.S. as well. As seen by the Gallup Poll figures, a significant number of potential vacationers to the U.S. are interested in sport fishing but do not have the same level of interest in fishing while vacationing in the U.S. Through expanded promotions of sport fishing in the

U.S., it may be possible to increase the number of tourists coming to the U.S. since we know the interest in fishing exists. The result of this promotion can be a better travel industry trade balance.

The United States Travel and Tourism Administration (USTTA) has had favorable experience with the promotion of snow skiing in the United States to foreign visitors through an informational brochure titled, SKI AMERICA. The brochure and familiarization tours for foreign and domestic travel agents have been effective in attracting significant numbers of foreign visitors to skiing areas in the United States. Although there is a great deal of variability in foreign countries regarding traditions and legal requirements to participate in recreational fishing, few developed countries can rival the ease to participate in, or the variety and magnitude of, recreational fishing opportunities which exist in all areas of the United States.

For the most part, tourist-anglers are not aware of the variety of fishery resources nor the ease of accessibility to them in the United States. For example, the "America Catch the Spirit" brochure from USTTA has nothing on sport fishing. The strategy to overcome the barriers to greater participation by foreign visitors in recreational fishing is to inform and promote. A brochure, attractively describing recreational fishing opportunities, is the logical first step.

Conclusion

Sport fishing has a very large impact on the National and State of Florida economies. Many small businesses are supported by sport fishing, and as many as one million people are employed nationally as a result of sport fishing. A negative trade balance exists in the U.S. travel industry. Many potential visitors to the U.S. are interested in fishing while on vacation. Increasing their awareness of sport fishing opportunties in the U.S. and Florida may reduce the negative travel trade deficit and increase the positive economic benefits in terms of employment and small business opportunities.

References Cited

1. Ascher, Bernard. February 1986. Statistics Relating Travel and Passenger Fares to Total Services and Briefing Material: Efforts to Improve Data on U.S. Trade in Services. Tourism Policy Council.

2. Bell, Fredrick, W., Sorensen, Philip E. and Vernon R. Leeworthy. August 1982. The Economic Impact and Valuation of Saltwater Recreational Fisheries in Florida. Florida Sea Grant College, Report No. 47.

3. Bureau of Labor Statistics. December 1985. Consumer Price Index: U.S. City Average.

4. Bureau of the Census. October 1984. County Business Patterns. 1982, United States.

5. Fish and Wildlife Service. November 1982. 1980 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

6. Fish and Wildlife Service. n.d. 1980 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation: Florida.

7. Gallup Poll. September, 1985. NewsRelease on 1985 Leisure Audit.

8. Gallup Poll. n.d. A Survey of Potential Vacation Travelers to the United States from Britain, West Germany, France, Australia, and Japan.

9. Sport Fishing Institute, 1983. Economic Activity Associated with Marine Recreational Fishing in 1980. Prepared for National Marine Fisheries Service, S-K Contract NA 82AA-H-00054.

Mr. SKELTON. Thank you so much.
Mr. McDonough.

TESTIMONY OF TERRY D. McDONOUGH, PRESIDENT, FLORIDA FOLDER SERVICE, INC.

Mr. MCDONOUGH. I appreciate the opportunity to explain to you the purpose of my business and how it contributes both in expenditures to other Florida businesses and the promotion of Florida tourism, both domestically and internationally.

My company, Florida Folder Service, Inc., was founded by myself when I was 16 years old and has been in business in Daytona Beach since 1964. Florida Folder Service distributes tourist brochures and airline timetables to hotels-motels in the State of Florida utilizing our custom-designed brochure racks for such clients as Walt Disney World, Sea World, Cypress Gardens, Busch Gardens, Kennedy Space Center, Eastern, Delta, and United Airlines. We also service both local merchants and national companies with presently some 75 clients using our services.

In your travels you have probably seen a rack in a hotel-motel lobby full of tourist brochures. You probably have not thought on how those brochures got to that motel. Companies like mine service those locations on a regular scheduled basis, supplying the most current version of one of our accounts brochures. What I am sure you don't realize, as most people do not, is how important our distribution is to tourism related businesses. In 1985, for our 75-plus clients, we distributed some 6 million brochures. While it is hard to imagine 6 million, it is only a small part of the estimated 85 to 100 million printed each year by our clients.

Not only does my company benefit from tourism directly, the fees that are paid to us go toward our employees' salaries, large amounts of gasoline, vehicle purchases, insurance, and the other overhead of any small business. But also our clients, both large and small, benefit from increased business. Most of our clients have been with us over 15 years. They, like Walt Disney World and Sea World, have found that the more brochures that are printed and properly distributed means greater awareness about their attraction and thus means more tourists visiting their attractions.

Attractions in general have for many years run visitor surveys in their parks to find where their guests are coming from and how they heard about their attraction. Over the years a number of our attraction accounts have told us that between 32 and 38 percent of their business comes from brochures.

Brochures have been an important source of information to the traveling tourist. As an example, when a tourist arrives in a city like Daytona Beach, he wants a map of the city. We supply the map. If he wants information such as rates and times of operation at attractions, we supply that. If he wants to catch a local government-supported bus to go shopping, we supply the bus schedule and brochures on shopping malls. If he wants to take a cruise, we have the brochures. Airline information? Timetables are in our rack. And, finally, we are glad to supply information on restaurants and entertainment.

A tourist doesn't come to Florida to sit in a motel room all day. He wants to be entertained. We give tourists the tools to do just that, to enjoy themselves.

In Daytona Beach, where I have lived and worked since 1958, tourism is the mainstay of our community. Almost every business depends on tourism in one form or another. While we are known worldwide for our world's most famous beach and autoracing that attracts tourists from all over the world, we also offer a clean and healthy environment, beautiful weather, and friendly people, among other things.

I have been an active member of the Florida Attractions Association, which is comprised of both attractions and suppliers to the attraction industry. The Florida Attractions Association is active in the promotion of tourism to the State of Florida. While the State of Florida's advertising and promotion budget has been stalled for the last few years, the tourism industry is considering taxing itself for additional promotional money to be spent to encourage tourists to visit Florida.

If there were anything I could think of that you, our representatives in Government, could do to help not just Florida small businessmen, but small businessmen all over the United States, it is to consider legislation to stop the huge increases in our liability insurance that is presently taking place. In my own company, our insurance costs have increased approximately 300 percent in 1 year, with no claims whatsoever. We are not talking pennies; we are talking thousands of dollars each year.

Businessmen have a choice: Go bankrupt now before paying the insurance bill, or go without insurance and wait until you have an accident, and then go bankrupt.

We need your help today, not next year, because many of us will not be here next year with the present cost of liability insurance as it is now.

Thank you for letting a small businessman give an insight to you on how tourism plays such an important part in my business and that of my clients.

Mr. SKELTON. Thank you. Mr. Ireland.

Mr. IRELAND. I am excited about a couple of things I have heard here.

Professor, I like your description of the tourism industry in that it is enormous and we count the surface elements of it, obviously.

We are contemplating—I think we all know that as we theoretically go to cutting our spending to balance the budget of this country, which I think most Americans feel is long overdue, one of the things that you have alluded to that was already getting lost in the shuffle was the U.S. Tourism and Travel Agency Administration. Now that seems like an even greater eventuality.

If we were to agree together that, yes, this is a vast industry with x number of travel agents, taxicab operations, why is it that that industry has so little impact in the policy of this country as far as—even in the House today there is only $12 million in the budget for tourism. If there is this opportunity to help the balance of trade, why aren't these people heard from?

Our Congress and our Government responds to people. Why isn't that vast voice heard?

Mr. HUSE. It is very difficult to reach Congress. What we are talking about here—and if we took a look at the organizational structure of tourism, we identify perhaps some 30 major organizations, the likes of AH&MA, the Hotel and Motel Association, the National Restaurant Association, which speak for their membership. And as you are now well aware, they speak through the Government Affairs Council.

And I think you do hear what the rank and file people of tourism are saying, basically, but you are hearing it from the standpoint of an association speaking, as opposed to an individual such as we have here this afternoon, who is an independent businessman.

The kind of thing that you are doing right now, particularly on a serious basis—and I fully understand you are pulled between two things here. You are either in Washington because of legislation and stuff that has to be done, or you are pulled in some other direction. But somehow or the other, if the kind of forum that you have established yourselves can be done more often, I think you might hear more from the rank and file, not only within tourism, but even the supportive sectors of tourism.

I also would say to you that I think you probably would hear more if you were able to identify and classify more readily. It is very easy to classify a hotel. But when we jump from the hotel and we take a look at, let's say, the 60,000 rooms that we were talking about here in the Orlando area, what is the servicing structure that it takes to keep those 60,000 rooms running? How many glass and china suppliers? How many meat purveyors?

Now you see what I have done here, Congressman Ireland; I have jumped over into other SIC numbers. They don't tie with the hotel structure here, but it is the hotel structure and the restaurant structure that puts them in business, sir.

Mr. IRELAND. Compare this, for instance, with a textile protection bill. I don't know, maybe Congressman Skelton can tell me, but there aren't 5 percent as many people in textiles in America as there are in the tourist industry. I mean it is a wide gap between the two.

And yet that group of people was able to escalate their needs to the point that they actually got a very strong protectionist bill passed by Congress. Here are all these people, they don't really communicate.

Mr. HUSE. Because there are so many businesses involved. That is the point that I am making. We are talking textile people. I am talking tourism.

Mr. IRELAND. Why can't you get all those people together?

Mr. HUSE. Well, we do to a certain extent. But you can't get them all together in the same room at the same time. And there is another problem here. What we are talking about here is a small individual entrepreneurial person who is extremely competitive. And he is out there slugging, or she is out there slugging, trying to stay alive in a highly competitive business. And I literally can turn to travel agents who will say, "Dick, you go talk to them, because I haven't got the time."

Mr. IRELAND. You have it there. A compliment to Congressman Skelton, he and I both feel that one of our responsibilities—and we

go out of our way to serve on this committee—is getting out like this or in California, or wherever in America, because people simply can't do it by themselves.

I am looking here for ways that we have been looking for for sometime, and I guess we will always be looking for, to translate that reservoir of activity of the entrepreneur like Terry that start out at 16 and build a business, that is what America is all about. And yet Terry is too busy to come to Washington and spend hours walking up and down the halls with the people with their Gucci shoes that influence legislation.

I think you are right on the key to any of the problems that we have got along this line. I don't know what the answer is.

Thank you, Mr. Chairman. Let me say I am glad to hear this response to the liability insurance operation. I guess, David, you have got lots of that in the fishing industry, don't you? Are you hearing from members of your industry about the high cost of liability insurance, or have they just given up on it?

Dr. ROCKLAND. I have heard a little, and a gentleman will be here tomorrow, a local small businessman from the sport fishing industry. He will speak to the liability insurance question more in depth.

I think, to offer an opinion, it is simply too expensive and small businessmen just don't buy it.

Mr. HUSE. They are sailing naked, sir. They are sailing without any clothing on.

Mr. IRELAND. Let the record be sure and get that.

Mr. SKELTON. Thank you. I was wondering, Professor, the tourism industry, as we call it, it is really pretty fractious, isn't it?

Mr. HUSE. Yes, sir.

Mr. SKELTON. Small business in and of itself is pretty fractious. We are seeing a segment of small business split up. The Sports Fishing Institute, Dr. Rockland, how many different fishing groups are there in America?

Dr. ROCKLAND. Just clubs?

Mr. SKELTON. On a national basis, that deal with fish.

Dr. ROCKLAND. We haven't been able to put together that list because the numbers are so extensive.

Mr. SKELTON. That is what I am getting at.

Dr. ROCKLAND. We have a mailing list just for saltwater sport fishing of—and should I say that salt water sport fishing comprises about 35 percent of all fishing in the United States, fresh and other.

That mailing list, we only have the top 1,000, and those are the big clubs. There are a lot more than that. So we are talking probably in the order of a rough guess of 10,000 clubs of maybe 100 to 200 members each.

Mr. SKELTON. What is the answer? I think we in this country have a gold mine should we organize ourselves, do things right; and No. 1, emphasize see America first. We have an absolutely beautiful country, and when you speak of Florida, the Ozarks, Missouri, the Grand Teton Mountains, we can match Europe any day, or any other country any day.

No. 2, how do we cause people to come to our country just to see our country? It is a matter of persuasion, call it advertising. How

do we glue all these fractious things together? That is what we are trying to figure out in these hearings today.

Mr. HUSE. All right, I can come up with a partial answer in the time we have got. I would suspect that the industry itself, the rank and file, State by State, organization by organization, will handle any influx that we can generate.

Our problem is in communication to the visitor, freeing up the visitor, and making the United States freely available to that visitor by giving not only the offices that we are supporting now through USTTA, but by expanding those offices, by giving them the level of expertise and responsibility to say to the person in the streets of Paris, "If you want to come to the United States, drop by, we will set it up for you, and your travel agent will have you on the next plane."

Why do we need to have Jean Jacques and his wife present themselves at our Embassy in Paris? They are not involved in any international politics here of any kind. They are on a vacation, they want to take a vacation. Let's send them to the USTTA office, register them with a card. If we require a passport and it is a nation that we are perhaps not living too well with at this point in time, we want to say, "Whoa, you don't come over here freely without us saying yes."

But, for heaven's sake, if it is our partners of a lifetime, why can't we say, "Please come, here is a card, we have got all the information we need about you. Bring plenty of money," and then put them on a plane.

Mr. SKELTON. You don't have to testify anymore. That is it.

Mr. HUSE. I mean, they do that to you and me. Every time that you pick up a newspaper, every travel section that you look at, you go into your travel agency, and they want to know, are you going to go to France this year, Germany this year? What are you going to do this year? And the foreign governments make it absolutely beautifully easy for us. We are a free country to do business in. If we are free to do business here, why don't we go over there and bring them over here?

We have got a group of United Kingdom citizens from London banging around Miami right now and the rest of Florida, saying, "We are not over here to pirate corporations, we just want you to come over and establish a branch office over there." They are out there pounding the bushes, and they make it very easy for you and I to go.

Canada just issued a beautifully prepared, nationally funded book. They have just built 11 new convention and civic centers. Guess where a lot of our associations are going to go? Guess what will be right in this hotel checking in today and tomorrow, and the people who are the professionals out there are selling them checking in behind them. The American Society of Association Executives is meeting here. They mean business. That is a specialized area of business and tourism.

Every major convention center person from Canada is going to be right in this hotel shaking hands, and they will make it very easy for them to go to Canada. We do make it easy for Canada to come to us because they are our brothers.

Mr. SKELTON. Are we not very good international salesmen?

Mr. HUSE. No, sir; we are not. We don't sell. We make it a political thing, and tourism is not political. It is a chance at world peace, but we make it so tough for a person to come here.

I drove a tour bus 1 year to find out what it was like. This was in Niagara Falls, NY, OK. And I had foreign visitors. And the first thing that you had to do—and you made a game out of it, OK—was "Has everybody," like children, "Has Everybody got the two little pieces of paper that the Embassy stuck in your passport?"

And every so often somebody would say, "Well"—and, you take their passport and, sure enough, they had one visa, OK. Now we are going out of the country, we are going to Canada, because that is where you see the broad view of the falls. On the American side, you get your feet wet. On the Canada side, you look at it, OK.

I am going to take them out of the country again. No, no, no, not without permission, I am not. OK, now, you learn how to skin a cat here. You go down to the main customs office, immigration office, at the Rainbow Bridge, hop out, carry the guy in, and say "Let me have it." They have a piece of paper printed up, you sign that this person is not going to leave your sight, is exiting from the United States with you, is going to come back with you in 4 hours, load the man or the woman or family back in, and away we go.

I submit that is totally unacceptable for a professional tourism organization.

Mr. SKELTON. I was just going to ask Mr. McDonough, Florida tourism is considering taxing itself for additional promotional money to be spent to encourage tourists to visit Florida. What would you think about doing that for funding the USTTA?

Mr. HUSE. I would vote for it.

Mr. MCDONOUGH. Your problem is not with the large companies, it would be the smaller businesses. My understanding of the tax in Florida is to charge it to hotels and motels, car rentals, that type of business. Originally, as it was setup, it was to tax, also, restaurants.

The restaurants decided that—some said, "Well, we don't get any business from tourism." Some said, "We get some business from tourism." The bill stood a chance of not passing at all.

Mr. SKELTON. Until they took restaurants out?

Mr. MCDONOUGH. Right. The trouble is, small businessmen feel they are taxed to the brink right now, and that is the problem.

Mr. SKELTON. It is not a good idea is what you are saying?

Mr. MCDONOUGH. In my opinion.

Mr. IRELAND. Would you mind telling us how you got from age 16 to where you are? That is really a great story.

Mr. MCDONOUGH. Well, I have owned a number of companies. I started out in high school, well, junior high actually. I am a worker, a workaholic. I have been for a number of years. I enjoy what I do. Tourism is the only business I have ever known.

I owned a large travel agency that was affiliated with American Express. We were the largest in our county, and we had about 17 competitors. I sold that a couple of years ago. I just love my work, and it is very gratifying.

To give you an example, we have a lighthouse in Daytona Beach that was owned by the Federal Government. A nonprofit organization took that lighthouse over, made it a little tourist attraction.

OK, they did hardly any business, $100,000 a year. They always wanted to come on the brochure service.

And I said, "Well, it is not our cost, it is the cost of the brochures. I don't think you can afford it."

So, after 2 or 3 years, they came and said, "We think we can afford it now."

It is very gratifying, the first month they went on brochures their business went up 38 percent. They are tickled to death. They say, "This is the best thing we have ever done."

I've heard stories. I have made several of my clients millionaires. And I don't mean it just from my business, but my type of business.

There are companies nationally that—you talked about, textile businesses. The textile industry uses our service through their factory outlet stores, Danskin leotards. I can go on and name them, film developers/processors, businesses all over use our services. And we get more requests from people that want our services every day, and we turn a lot of clients down that we don't think it would fit our business.

Mr. IRELAND. Does anybody run an international brochure business? Granted, the brochures are different, but——

Mr. MCDONOUGH. There are companies all across the United States.

My company is very small; I planned it that way. There are companies in Australia, there are companies in England, there are companies in Canada, Mexico, just about anyplace where tourism is a factor. I recently went to Hawaii, and they were in Hawaii.

Mr. IRELAND. Do the American attractions utilize those to any great extent?

Mr. MCDONOUGH. No; usually, for example, Florida attractions use Florida-Georgia, and sometimes they will use industrial concerns. Like you go to Ford Motor Co. or General Motors, or something like that and in their employee recreation rooms they will have a rack with brochures in it, that type of thing. But they don't go to, say, Michigan to advertise Disney World or Sea World, to my knowledge.

Mr. HUSE. Normally, your cities and your county promotional agencies and State agencies are the ones that do that. They will take the whole destination area and sell it as a whole package.

Mr. MCDONOUGH. But there are companies that do it nationally, yes; but not so much the attractions industry.

Mr. IRELAND. Well, you represent a great story, and that's what America is all about.

Mr. MCDONOUGH. Thank you.

Mr. IRELAND. I have only one last question; that's to Dr. Rockland.

Did Congressman Skelton fill out his form about the fishing? And, if so, will you share it with us?

Dr. ROCKLAND. I'm not real sure about answering this.

Mr. IRELAND. We can go off the record.

Dr. ROCKLAND. I looked through and I certainly found your response in the responses there. I didn't notice Mr. Skelton's but I perhaps didn't get as far as that.

Mr. IRELAND. I have seen fishing equipment in Missouri at his brother's outfit there, so there must be something going on there. But we will get him.

Dr. ROCKLAND. Thank you.

Mr. SKELTON. A footnote before we dismiss you.

Professor, you talked about the visa waiver bill, H.R. 1201. For your information, both Congressman Ireland and I are cosponsors of that bill. But there has been no action, and none has been scheduled on the House side.

Thank you so much. We appreciate your being with us.

Mr. HUSE. Thank you.

Mr. SKELTON. We will take a 5-minute break and then have our third panel.

[Recess.]

Mr. SKELTON. I want to welcome panel No. 3, Newton Kindlund, Holiday of Orlando; and Don Clark, Florida Hotel & Motel Association. Thank you for being with us.

TESTIMONY OF DON CLARK, PRESIDENT, FLORIDA HOTEL & MOTEL ASSOCIATION, REPRESENTING AMERICAN HOTEL & MOTEL ASSOCIATION

Mr. CLARK. Thank you, Mr. Chairman and Congressman Ireland. I would like to ask to waive the reading of the testimony that I have submitted earlier and summarize some remarks thereto.

Mr. SKELTON. Without objection.

Mr. CLARK. First, I would like to say that although my testimony is essentially involved with three properties in central Florida, I have owned or operated 25 hotels or motels in Florida in the last 13 years. I heard the story of the small businessman a few minutes ago. I would like to say I was an operator for entitles and corporations, and 13 years ago I formed my own company and can attest to you as a small businessman how hard it is to get along. So I have operated my own hotel management company out of Florida for the last 13 years.

I would also like to go on and read a quote from Bill Edwards, who is our president of the American Hotel & Motel Association. And, as he introduced in his opening speech to AH&MA, his introduction was: "Tourism is the life and blood of the hospitality industry."

And there are many segments of the hospitality industry which have been addressed today—hotels, lodging, campgrounds, attractions, rental cars, and you can go on from there, but there are the basic five.

So I would like to go on from there and submit for the record this program, Spirit of America, which was put together by USTTA and the Citicorp Diners Club, which is basically a prize for the most tourism sold by a respective agency in the United Kingdom.

So I submit this as part of the record.

Mr. SKELTON. Without objection.

[The information referred to follows:]

lease News Release News Release News Release Nev

American Hotel & Motel Association 888 Seventh Avenue New York, N.Y. 10106

212-265-4506
After 5 pm E.S.T.
212-265-4514/15

FOR IMMEDIATE RELEASE

Contact Betsy Bromberg
Steve Trombetti

AH&MA, CITICORP DINERS CLUB AND USTTA
CO-SPONSOR "SPIRIT OF AMERICA" USA TRAVEL PROMOTION

Washington, D.C., February 18--The American Hotel and Motel Association (AH&MA) has joined forces with Citicorp Diners Club and the U.S. Travel and Tourism Administration (USTTA) to co-sponsor the "Spirit of America" campaign and contest, it was announced this morning at a press conference at the Washington Hilton and Towers.

The campaign, designed to bring more visitors to the United States from the United Kingdom, will be launched this month to 7,600 travel agencies throughout the U.K., responsible for 90% of all U.S. bookings from that country. Making the announcement in Washington were William H. Edwards, president of the AH&MA and vice chairman of Hilton Hotels Corp; Donna Tuttle, undersecretary of commerce for USTTA; James R. Emshoff,

president of Citicorp Diners Club Inc.; and John E. McKennon, Jr., chairman of the International Travel Committee of the AH&MA.

This pilot program is a three-part campaign featuring the "Spirit of America" contest in which British travel agents compete by booking U.S-bound travelers into AH&MA member properties. It is also designed to stress the great value and safety of U.S. travel in 1986. Introductory letters to the 2,600 agencies in the United Kingdom have gone out outlining the rules for the contest. A U.S. $1 bill, along with the state hotel/motel directories of California, Florida and New York were also enclosed to help them see the many alternatives for accomodations. The dollar bill represents the first of many which agencies can earn through this program.

A $1500 first prize will be awarded to the British travel agency recording the largest number of bookings to the U.S. between March 1 and May 1, 1986 for travel anytime during the calendar year 1986. Only those bookings into AH&MA member properties using the Diners Club Card or World Travel Service

Voucher will count toward incentive prizes. Along with the $1500 first prize, second and third prizes of $750 and $500 will also be awarded.

The second part, a follow-up mailing in late March, will highlight a list of special events in all 50 states which are of particular interest to the British visitor. The sites and events, supplied by State Tourism Directors for the "Spirit of America" promotion, are being compiled by AR&MA Communications Department now. The second letter will also point out that with the extraordinary airline packages, car rental discounts and lower gasoline prices, travel to the U.S. is the best tourism value in the international marketplace.

The third part of the "Spirit of America" program takes place in London during National Tourism Week, May 18-25. The first 175 travel agents to return their "Spirit of America" contest entry forms to the USTTA London office will be invited to a special reception hosted by the sponsors to celebrate U.S. travel and tourism. "Spirit of America" adds an international facet to the National Tourism Week excitement surrounding

AH&MA's major U.S. National Tourism Week promotions, the "U.S. Trivia Trip Game" and "Explore America" Sweepstakes program.

The "Spirit of America" program is a rare example of a national trade association, private industry and the Federal government pooling resources and talents to help improve the ever-worsening trade deficit and weak U.S. share of the world tourism market.

The contest is a pilot program focusing in 1986 on Great Britain. But plans are already underway to expand the program in 1987 to Japan, France and West Germany as well as the United Kingdom.

"This innovative and imaginative 'Spirit of America' program is only one of many ways that we can encourage U.S. travel by foreign visitors," said AH&MA President Edwards. "1986 is going to be a banner year for domestic travel and this energetic cooperation of diverse sectors with a common goal is a clear indication of the significant impact that the travel and tourism industry has on America's economy."

Mr. CLARK. Mr. Chairman, further, I would like to go on and make some remarks on your letter to Ms. Kirby from the American Hotel Association, because I think it might provoke some questions as I make my comments.

No. 2 says, what advertising, domestic and international, are you currently doing to attract tourism? Of course, that reflects what type property you have and the size property you have. Do you have a small property in Florida with 100 or 200 or 300 rooms? If so, you are limited in the scope of money, obviously, you can spend in the northeast corridor, Chicago, et cetera. In one case, we have a rep, who also represents us in travel shows overseas, but some of these small properties cannot do that.

No. 4. Are the local, State and Federal Government efforts adequate? What role should the local, State and Federal Governments make to work more effectively in the private sector? I should like to relate to you that 20 percent of the general revenue funds in the State of Florida come from the hospitality industry, and that's a pretty good chunk of money for their budget.

We are having problems. Our budget is $9.5 million, of which $5.5 million was for advertising and the balance for administration and promotion, things that go along with advertising. Truly not being enough, back to the State legislative session in the last few years and not receiving any more money, we asked the Governor to form a task force to study how we can raise the budget, primarily thinking we are still going to go to the general revenue fund for the money. We know we are not going to get it, that that is our initial thrust.

Out of that task force, several meetings all over the State of Florida, we came up with a surtax, which you heard about earlier today, on the hospitality industry. And the restaurants identified themselves as nontourist, which we couldn't believe. But, rather than not take something to the Governor, we felt we would take it to him without the restaurants.

So it is a surcharge we are self-imposing on ourselves, a surtax to go to the dedicated trust, department of tourism, administered by the people who tender the money, as I said, lodging, campgrounds, rental cars, attractions, and admissions.

Certainly, it would be much easier for the Governor to walk the bill through if we had the restaurants in the bill. It might not be politically astute for him to do it at this point, but I think maybe the legislature itself might lobby. This is our last shot. We are going to a $30 million budget this year, $20 million for advertising and $10 million for public relations, PR, and administration.

It will interest you to know that Florida is only on the TV market 13 weeks out of the year. If it wasn't for Disney and Eastern Airlines, we really wouldn't be identified in the TV market, and should be. The other weeks of the year we are not in the TV market.

This budget would shove us right across the board. We would be able to establish a further program in the United Kingdom and in Europe and Canada.

I think I have discussed most of the things that are on this memo, but I would like to comment on the liability. Included in our invitation to address this committee was an inquiry about difficul-

ties our industry may be experiencing in obtaining liability insurance. Needless to say, as has been the case with most every other facet of business, the lodging industry has felt the impact of the current liability insurance crisis on our country.

There are reports that insurance premium increases have ranged as high as 500 percent while coverage has been reduced significantly. I am told that some properties in our country are operating without liability coverage because they have been unable to obtain any.

A solution to this crisis must be found. It requires positive action by Federal and State governments and by industry. A permanent solution can only be obtained if it includes a major revision of the present system. I would urge this committee, speaking on behalf of small business concerns in this area, to seek immediate action to give business some relief. I can attest to the fact that one of our properties had a property increase in insurance rates of 50 to 70 percent this past year and a decrease in coverage. I know of property in Dayton Beach, because I serve as president of the Florida Hotel Association, his insurance on a 200-room property is 400 percent more for less coverage. So it is a real serious thing.

That concludes my remarks.

Mr. SKELTON. Thank you so very much.

[Mr. Clark's prepared statement follows:]

PREPARED STATEMENT OF DON CLARK, PRESIDENT, FLORIDA HOTEL & MOTEL ASSOCIATION, REPRESENTING AMERICAN HOTEL & MOTEL ASSOCIATION

GOOD AFTERNOON. I AM PLEASED TO HAVE THE OPPORTUNITY TO PRESENT TESTIMONY HERE TODAY ON BEHALF OF THE AMERICAN HOTEL & MOTEL ASSOCIATION.

THE AMERICAN HOTEL & MOTEL ASSOCIATION IS A FEDERATION OF HOTEL AND MOTEL ASSOCIATIONS LOCATED IN THE FIFTY STATES, THE DISTRICT OF COLUMBIA, PUERTO RICO AND THE VIRGIN ISLANDS. IT HAS A MEMBERSHIP OF OVER 8,700 HOTELS AND MOTELS ACCOUNTING FOR OVER 1.25 MILLION RENTABLE ROOMS. INCLUSIVE IN OUR MEMBERSHIP ARE ALL OF THE MAJOR HOTEL AND MOTEL CHAINS. OVER 60 PERCENT OF OUR MEMBERSHIP IS COMPRISED OF SMALLER PROPERTIES -- THOSE HAVING LESS THAN 125 ROOMS.

MY NAME IS DON CLARK, I AM OWNER AND OPERATOR OF THREE HOTELS IN FLORIDA - THE REEF IN DAYTONA, THE GOVERNOR'S INN IN CLAREMONT AND THE FLORIDIAN HERE IN ORLANDO. I AM PRESENTLY SERVING MY SECOND TERM AS PRESIDENT OF THE FLORIDA HOTEL & MOTEL ASSOCIATION AND SERVE ON THE BOARD OF DIRECTORS OF THE AMERICAN HOTEL & MOTEL ASSOCIATION. I WOULD LIKE TO PRESENT TO THE COMMITTEE A LITTLE BACKGROUND ON HOW A HOTEL PROPERTY FITS INTO THE OVERALL SCHEME OF MARKETING IN THE U.S. AND ABROAD. IN THE COURSE OF THIS EXPLANATION I HOPE TO MAKE A CASE FOR THE IMPORTANCE OF A FEDERAL ROLE IN TOURISM PROMOTION AND THUS, THE CONTINUED EXISTENCE AND HOPEFULLY EXPANDING BUDGET OF THE U.S. TRAVEL & TOURISM ADMINISTRATION.

FIRST, I'D LIKE TO DISCUSS HOW SOME ELEMENTS OF THE HOTEL & MOTEL INDUSTRY MARKET THEIR PROPERTIES. FOR SMALLER INDEPENDENT HOTELS PROMOTION IS GENERALLY LIMITED TO LOCAL ADVERTISING OR OTHER TARGETED DOMESTIC ADVERTISING. IN MY CASE WE PROMOTE OUR PROPERTIES IN THE NORTHEAST CORRIDOR AND IN THE CHICAGO AREA.

LOCALLY OWNED PROPERTIES THAT ARE AFFILIATED WITH A HOTEL CHAIN, USUALLY A FRANCHISE UNIT, OFTEN DO THEIR OWN LOCAL ADVERTISING. THEY MAY ALSO CONTRIBUTE TO A FRANCHISE POOL WHICH IS THEN ABLE TO INCLUDE CORPORATE ASSISTANCE FOR ADVERTISING AT THE NATIONAL LEVEL, AND SOMETIMES INTERNATIONAL. CORPORATELY OWNED UNITS IN A HOTEL CHAIN CAN GET ADDITIONAL ASSISTANCE IN EXPANDING THEIR MARKETING AND ADVERTISING PROGRAMS.

THROUGH OTHER AFFILIATIONS SUCH AS WITH THE AMERICAN HOTEL & MOTEL ASSOCIATION ADDITIONAL PROMOTION PROGRAMS ARE CONDUCTED WHICH CAN BENEFIT US. AH&MA IS JUST LAUNCHING THE "SPIRIT OF AMERICA" CAMPAIGN IN CONJUNCTION WITH CITICORP DINERS CLUB AND THE U.S. TRAVEL & TOURISM ADMINISTRATION. I'VE ATTACHED A PRESS RELEASE ON THE PROGRAM FOR YOUR REVIEW. ESSENTIALLY THIS EFFORT INVOLVES A CONTEST FOR TRAVEL AGENTS IN GREAT BRITAIN. MAILINGS TO THE AGENTS WILL INCLUDE STATE HOTEL AND MOTEL DIRECTORIES FOR CALIFORNIA, NEW YORK AND FLORIDA BECAUSE THESE ARE THE ENTRY POINTS FOR MOST BRITISH TRAVELERS TO THE U.S. PRIZES WILL BE AWARDED BASED ON THE NUMBER OF BOOKINGS TO THE U.S.

THE USTTA LONDON OFFICE WILL BE ASSISTING WITH THE CONTEST AND WITH A SPECIAL RECEPTION, DURING OUR NATIONAL TOURISM WEEK, IN LONDON.

THIS KIND OF COOPERATIVE EFFORT, WHERE RESOURCES ARE POOLED, IS IMPORTANT TO THE VISIBILITY OF TRAVEL PROMOTION TO THE U.S.

WHEN WE TALK ABOUT INTERNATIONAL TOURISM TO THE UNITED STATES THERE GENERALLY SEEMS TO BE A LACK OF UNDERSTANDING THAT WE ARE TALKING ABOUT EXPORT EARNINGS. IT IS TO MY ADVANTAGE AS A BUSINESSMAN FOR OUR COUNTRY TO HAVE INCREASED EXPORT EARNINGS. IT FEEDS THE FEDERAL TREASURY AS WELL AS LOCAL AND STATE

TREASURIES. FOREIGN VISITORS' SPENDING AND THE BUSINESS IT SPURS PROVIDES JOBS. THE EFFECT CAN BE FELT NOT JUST AT ONE HOTEL BUT THROUGHOUT A COMMUNITY. CLEARLY, FOREIGN TOURISM BENEFITS ALL OF US.

THE MOST RECENT FIGURES (1983) FOR FOREIGN VISITOR SPENDING OVERALL IN THE UNITED STATES IS OVER $11 BILLION DOLLARS ANNUALLY. FLORIDA IS THE NUMBER ONE STATE AS AN EARNER OF TOURISM EXPORT RECEIPTS - OVER $2.5 BILLION IN 1983. IT IS ALL A MATTER OF SELLING AND HAVING THE TOOLS FOR SELLING.

THE U.S. TRAVEL AND TOURISM ADMINISTRATION IS THE FEDERAL AGENCY CHARGED WITH PROMOTING THE U.S. OVERSEAS. WHILE IN RECENT YEARS, ITS EFFORTS HAVE BEEN HAMPERED AND CONTINUE TO BE CHALLENGED BY CONSTANT BUDGET BATTLES, IT STILL PERFORMS.

THE BATTLE FOR FUNDS IS INCOMPREHENSIBLE WHEN IT OPERATES ON A MEAGER $12 MILLION BUDGET. JUST FOR COMPARISON, CONSIDER THE FACT THAT FLORIDA COLLECTED OVER 20 TIMES THAT AMOUNT, $287 MILLION, IN FEDERAL, STATE AND LOCAL TAXES AS A RESULT OF FOREIGN VISITOR SPENDING.

RIGHT NOW, USTTA IS PROBABLY DOING MORE THAN IT EVER HAS TO HELP THE U.S. COMPETE IN THE INTERNATIONAL MARKET. THE CREATIVITY AND ENERGY LEVELS OF THAT AGENCY ARE HIGH. CO-OPERATIVE ADVERTISING PROGRAMS HAVE BEEN DEVELOPED WHICH ALLOWS FOR COMPANIES AND STATES TO PARTICIPATE IN INTERNATIONAL ADVERTISING EFFORTS. SPECIAL ACTIVITIES AND ANNUAL EVENTS ARE HELD TO HELP OUR STATE TOURISM OFFICES WITH THEIR MARKETING.

USTTA IS HELPING TO PROVIDE THE TOOLS BUT THE BIGGEST FACTOR IN IMPLEMENTING THESE EFFORTS IS MONEY. THAT OF COURSE IS IN SHORT SUPPLY.

USTTA IS SLATED TO LOSE HALF A MILLION DOLLARS FROM ITS BUDGET AS A RESULT OF GRAMM-RUDMAN-HOLLINGS. FY '87 THE

ADMINISTRATION HAS PROPOSED $4 MILLION FOR USTTA WITH THE EXPRESS INSTRUCTIONS THAT SUCH FUNDS BE USED TO CLOSE DOWN DOMESTIC AND OVERSEAS OPERATIONS.

WE NEED USTTA. WHEN WE ARE DEALING WITH TOURISM INTERESTS IN OTHER COUNTRIES WE ARE DEALING WITH GOVERNMENTS IN MANY CASES. IN THE "SPIRIT OF AMERICA" CAMPAIGN IT IS THE PARTICIPATION OF USTTA WHICH GIVES IT ITS CREDIBILITY, ITS STATURE WHEN WE REACH OUT TO BRITISH TRAVEL AGENTS. IT'S USTTA'S INVOLVEMENT WHICH STRENGTHENS THE MESSAGE THAT THIS COUNTRY IS INVITING TOURISTS TO ITS SHORES.

I CANNOT ADVERTISE MY HOTELS THROUGHOUT THE WORLD, OR EVEN TO SPECIFIC INTERNATIONAL MARKETS. CONSIDER THE DISTRIBUTION OF WHERE OUR FOREIGN VISITORS COME FROM AND IMAGINE TRYING TO SATURATE THE MARKETS OF THE TOP FIVE COUNTRIES WHOSE CITIZENS COME TO FLORIDA: (1) CANADA: (2) UNITED KINGDOM; (3) COLUMBIA (4) VENEZUELA; AND (5) GERMANY.

USTTA MUST MAKE THAT FIRST CONTACT, OPERATE THE OVERSEAS OFFICES, COORDINATE THE ADVERTISING, DEVELOP THE THEMES. AFTER ALL, WHO IS OUR COMPETITION? OTHER COUNTRIES. NO INDIVIDUAL BUSINESS, AND CERTAINLY NOT A SMALL BUSINESS, IS EQUIPPED TO COMPETE ALONE IN THE INTERNATIONAL TRAVEL MARKETPLACE.

FIRST THINGS FIRST: THE U.S. GOVERNMENT, THROUGH USTTA, MUST PROMOTE OUR COUNTRY OVERSEAS; THEN, OUR STATE TOURISM AGENCY CAN PROMOTE OUR STATE; ONLY THEN IS THE CLIMATE RIGHT TO PROMOTE THE DESTINATION, EITHER AS A FINAL STOP OR AN INTERIM ONE ON A FOREIGN VISITOR'S AGENDA.

SMALL BUSINESS NEEDS USTTA MORE THAN EVER AS THE COMPETITION GROWS INCREASINGLY FIERCE. MANY DEVELOPED COUNTRIES RECOGNIZE THE POTENTIAL OF TOURISM; DEVELOPING COUNTRIES OFTEN

USE TOURISM AS THE MAIN INGREDIENT ON THE AGENDA TO BUILD THEIR ECONOMIES. IT IS TIME NOW FOR THE UNITED STATES GOVERNMENT TO RECOGNIZE TOURISM'S POTENTIAL FOR REBUILDING OUR ECONOMY.

IT HAS BEEN A REAL PLEASURE AND A DISTINCT PRIVILEGE FOR ME TO APPEAR BEFORE YOU TODAY. WE APPRECIATE YOUR INTEREST IN THE SUBJECT AND WILLINGNESS TO TRAVEL TO HEAR THE VIEWS OF SMALL BUSINESSMEN WHO RARELY GET THE OPPORTUNITY TO OFFER TESTIMONY TO A CONGRESSIONAL COMMITTEE.

Mr. SKELTON. Thank you so very much.
Mr. Kindlund, you are next.

TESTIMONY OF NEWTON C. KINDLUND, PRESIDENT, HOLIDAY OF ORLANDO, INC., HOLIDAY RV SUPERSTORES, INC., AND HOLIDAY RV RENTAL & LEASING, INC.

Mr. KINDLUND. Congressmen Skelton and Ireland, my name is Newton C. Kindlund. I am president of Holiday of Orlando, Holiday RV Superstores, and Holiday RV Rental & Leasing. I wish to thank you for the opportunity to address your committee this afternoon.

I am in the recreational vehicle business as a retailer with locations in Orlando and Tampa. Additionally, we serve the domestic and international motor home rental markets. Our total corporate group anticipates annual revenues in excess of $18 million in 1986. We also have a very active export department and currently export RV's to the Middle East, Europe, and South America.

My wife and I founded our corporations 9 years ago, literally on a shoestring. Presently, we employ 67 with an annual payroll in excess of $1.4 million per year. Today we rank in the top 2 percent of RV dealerships within the United States and have survived years of economic turmoil within our industry, brought about by oil embargos, credit crisis, and high dollar values abroad, all of which have impacted our performance over the years.

As Congressman Skelton was so kind to provide me with an advance list of your committee's concerns, I wish to address them specifically at this time.

Question A. The economic importance of tourism to my business and the central Florida economy is absolutely significant. After all, this is the No. 1 tourist destination in the world. Most people say the United States; I may stand corrected on that.

Our international motorhome bookings of foreign visitors last year declined to less than 5 percent of our total revenues for the year. Today, due in large part to dropping dollar values abroad, it is 27 percent of our current revenues, for that profit center.

Tourism also impacts our domestic sales of RV's, as historically 60 percent or greater of our vehicle sales annually are to customers

outside the State of Florida, to those snowbirds. It was a different year for our out-of-State business in 1985.

With respect to Question B, currently, we spend approximately 1½ percent of gross sales, or approximately $270,000 annually to promote our businesses. Approximately 15 percent is spent in international advertising via foreign travel brokers, with 35 percent focusing on our national market and 50 percent spent promoting our businesses locally and in the State of Florida. I, personally, with our advertising agency, Kerns & Associates here in Orlando, coordinate this corporate marketing activity.

Question C. In 1984 we were members of the USTTA, Travel America, and the Travel Industry Association, and participated in Pow Wow events promoting the international area of our business. However, as the dollar value rose abroad, our international market evaporated. As a result, we withdrew our membership in 1985. Presently, our focus in the area of tourism promotion rests with our local area chamber of commerce, of which I am a board member.

Additionally, we are active members of the Orange County Visitors and Convention Bureau. We strongly support Governor Graham's Tourism Advertising Study Task Force recommendations of a $30 million tourism expenditure for the year. Our industry association, RVIA, Recreational Vehicle Industry Association in Reston, VA, is currently funding with support from industry a $3 million national television promotion designed to promote tourism and increase consumer awareness for our products domestically and internationally.

Question D. Tourism in Florida generates almost 20 percent of the States general revenues. Yet tourism receives nowhere near this percentage to promote its interest in the State. We support Governor Graham's task force recommendation of a $30 million promotional expenditure; and, compared to other States, we would view this funding level as minimal.

In my view, the Federal Government's role rests in promoting the United States of America abroad as a destination location. Many, many other nations, much smaller than ours, spend significantly larger sums to attract tourism. Why don't we?

Question E. Of all the issues previously highlighted, none is more critical or vital to our virtual survival and the survival of other small businesses than the insurance crisis that currently exists for small business.

In our case, with a loss ratio of 15.9 percent of premium paid last year, our Garage Keeper's policy premium has risen from $20,298 in 1984 to $26,798 in 1985; and, currently, we have one quote from Nationwide Insurance Co. for $93,000 for this coming year. We simply cannot stand this. Where will these unbelievable rates end?

We support Florida Insurance Commissioner Bill Gunter's House bill 138, giving his commission greater State government controls over rate increases.

We also support tort reform in joint and several liability. A 2-percent responsibility should not result in a 95-percent liability.

The legal profession is killing industry in this country with their legal logic. Something must be done.

In conclusion, I would like to thank this committee for allowing me to express my views. Thank you.

[Attachments to testimony follow:]

NATIONWIDE INSURANCE
Nationwide is on your side.

HOME OFFICE: ONE NATIONWIDE PLAZA • COLUMBUS, OHIO 43216

Holiday Motor Homes
Orlando, Florida

PREMIUM SUMMARY

Estimated Manual Premium $ 93,000

NOTE:

- Our premium includes a basis of:

  ORLANDO

  20 class - 1 regular employees
  22 class - 1 all other employees

  TAMPA

  6 class - 1 regular employees
  5 class - 1 all other employees

- Per our conversation February 21st, I indicated the possibility of getting up to 25% discount off this premium. You indicated that you would not pay the manual premium or even manual less 25% because you had several quotes considerably lower. I decided at that point that it would be futile for me to proceed further.

Recreational Vehicle Insurance Associates, Inc.

C.F. "Jay" Johnson, II
Richard Cona
Richard R. Maffei
Robert M. Ullmann

March 5, 1986

NEWTON KINDLAND
HOLIDAY OF ORLANDO
5001 SAND LAKE ROAD
ORLANDO, FL 32809

Dear NEWTON:

Insurance, Insurance, Insurance. That's all I hear and see, whether it's in the newspapers, magazines, or on TV. It has gotten to the critical stages and everyone, from the Insurance Commission to the legislators, are talking about what to do.

It's fact that companies have stopped writing certain risks, increased premiums dramatically, or gotten out of certain lines of insurance entirely. Without some help from government this year, things will continue to get worse before they get better.

The FRVTA lobbyist has his ear to the ground and will keep the Association appraised of any good or bad news. Let's hope they do their homework and we benefit from this session.

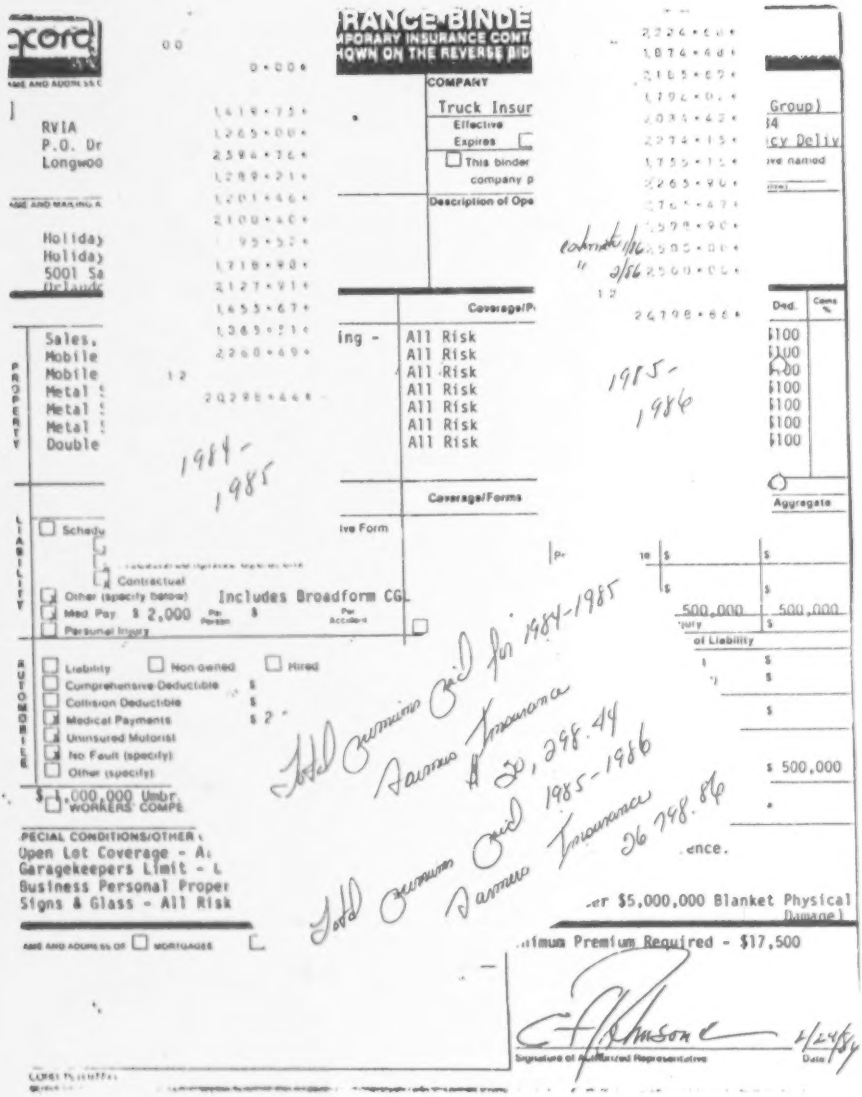
Sincerely,

Jay

C. F. Johnson II
Dick Cona

203 State Road 434
Winter Springs, Florida 32708

305 327 0744
1 800 247 0700



ACORD

RANGE BINDE
MPORARY INSURANCE CONT
HOWN ON THE REVERSE SID

COMPANY
Truck Insur
Effective
Expires
This binder
company p
Description of Ope

RVIA
P.O. Dr
Longwoo

Holiday
Holiday
5001 Sa
Orlando

Coverage/P

PROPERTY
Sales, ing - All Risk
Mobile All Risk
Mobile All Risk
Metal S All Risk
Metal S All Risk
Metal S All Risk
Double All Risk

1984-1985

1985-1986

Coverage/Forms

LIABILITY
Schedu
Contractual
Other (specify below) Includes Broadform CGL
Med Pay $ 2,000 Per Person $ Per Accident
Personal Injury

AUTOMOBILE
Liability Non-owned Hired
Comprehensive Deductible $
Collision Deductible $
Medical Payments $ 2,
Uninsured Motorist
No Fault (specify)
Other (specify)
$ 1,000,000 Umbr.
WORKERS COMPE

Ded. Coins %
$100
$100
$100
$100
$100
$100
$100

Aggregate
$ $
500,000 500,000
$
of Liability
$
$
$
$ 500,000

Total Premium Paid for 1984-1985
Aetna Insurance
$ 20,298.44

Total Premium Paid 1985-1986
Aetna Insurance
$6 798.86

SPECIAL CONDITIONS/OTHER
Open Lot Coverage - A
Garagekeepers Limit - L
Business Personal Proper
Signs & Glass - All Risk

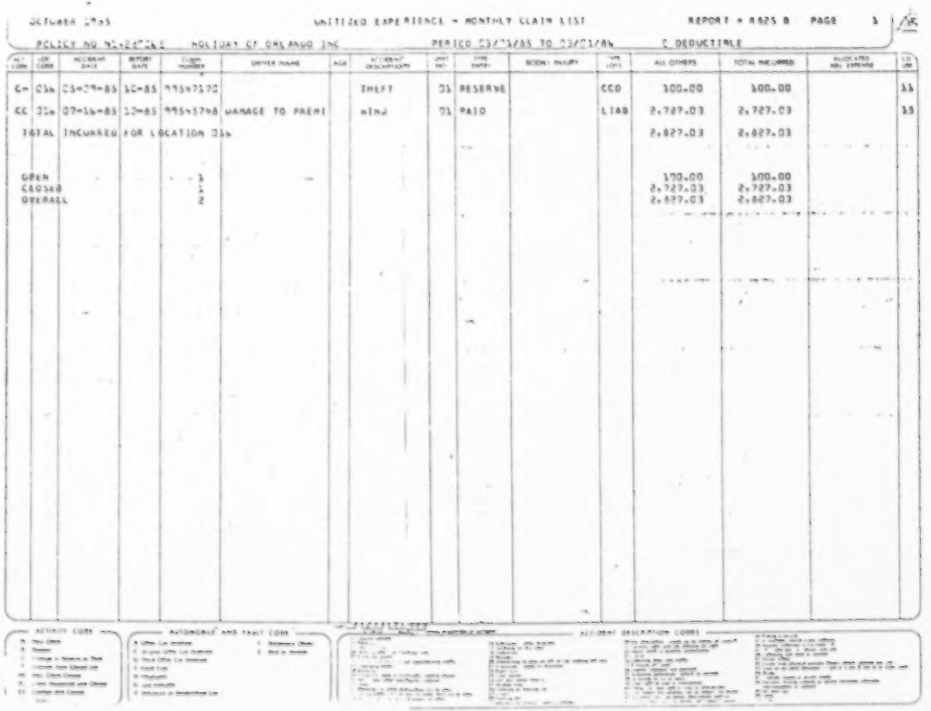
...er $5,000,000 Blanket Physical Damage)

...imum Premium Required - $17,500

ADDRESS OF MORTGAGEE

Signature of Authorized Representative

Date 4/24/85



OCTOBER 1985 — UNITIZED EXPERIENCE - MONTHLY CLAIM LIST — REPORT = A625 B — PAGE 1

POLICY NO 92-22-7242 — HOLIDAY OF ORLANDO INC — PERIOD 03/31/85 TO 03/31/86 — $ DEDUCTIBLE

ALT LOSS	LOC CODE	ACCIDENT DATE	REPORT DATE	CLAIM NUMBER	DRIVER NAME	AGE	ACCIDENT DESCRIPTION	UNIT NO	TYPE ENTRY	BODILY INJURY	TYPE LOSS	ALL OTHERS	TOTAL INCURRED	ALLOCATED ADJ EXPENSE	LO OP
C=	21A	05-29-85	10-85	995+7170			THEFT	21	RESERVE		CCD	100.00	100.00		15
CC	21A	07-16-85	10-85	995+5748	DAMAGE TO PREMI		MINJ	71	PAID		LIAB	2,727.03	2,727.03		15
TOTAL INCURRED FOR LOCATION 21A												2,827.03	2,827.03		
OPEN				1								100.00	100.00		
CLOSED				1								2,727.03	2,727.03		
OVERALL				2								2,827.03	2,827.03		

ACTIVITY CODES

AUTOMOBILE AND FAULT CODES

ACCIDENT DESCRIPTION CODES

77

Mr. SKELTON. Thank you very much.

Mr. Ireland.

Mr. IRELAND. Thank you, Mr. Chairman.

Mr. Kindlund, how do you deal with the foreign traveler who comes over here and wants to rent your vehicles and such? Do you have any problems along that line?

Mr. KINDLUND. Yes; we do, sir. We have found that the most effective way for us is to deal with international travel brokers that coordinate tours for our products. It overcomes some of the objections stated in earlier testimony, we have found. It does involve an erosion of profitability to us for this service.

Mr. IRELAND. Don, when you said that hopefully this new legislation, if it's passed, the tax will generate $30 million for the budget, the part that is spent for overseas international advertising promotion and such, are there ideas as to how that will be spent?

Mr. CLARK. The budget, as being prepared now, is part of the bill, when the legislators get their bill. But the final analysis will be up to the people on the commission.

The Governor asked us to give this bill and this report along the same basis as the Citrus Commission. So therefore it would represent the industry as a whole, and anyone that contributes to it would be part of it.

So as to that market analysis, as to how much would go to France, how much to the United Kingdom, how much to Canada, that would be left up to the discretion of the commission. In other words, we are talking about tripling the sizes of our different offices in Europe and around the world.

Mr. IRELAND. The commission, as it is structured now, is appointed by the Governor with certain criteria?

Mr. CLARK. Right now it's the Division of Tourism. Right now there is only one department left open in the cabinet, as it states in the Florida Constitution. We are asking for a Department of Tourism, which is a big bite. But what it would contribute to the State of Florida and the economy, we feel that is just, if we are willing to tax ourselves.

Mr. IRELAND. If you are willing to tax yourself as the Citrus Commission does, what vehicles or what structure do you have to assure that your funds are managed by people that are acceptable to people in your industry and not just someone that some Governor happens to want to promote?

Mr. CLARK. Those appointees would be of the Governor's privilege, naturally, but recommended by the industry, and one or two laymen not in the industry.

Mr. IRELAND. But, would you choose, not unlike in the Citrus Commission, a certain number of processors in a certain geographical area. In the legislation, is there a proposed criterion of who the Governor——

Mr. CLARK. So many lodging, so many car rentals, so many attractions; that formula hasn't been worked out. We are meeting with him next week to work that out as part of the bill.

Mr. IRELAND. That's good. That's an exciting concept.

Mr. CLARK. That dedicated trust—like the Citrus Commission, if you have noticed through the years, the State of Florida keeps dipping in the Citrus Commission funds too often.

Mr. IRELAND. At least you won't get canker.

Mr. CLARK. I hope not.

Mr. IRELAND. Thank you, Mr. Chairman.

Mr. SKELTON. Mr. Kindlund, may I say we took an interesting ride this morning up to the top of the tower at Sea World. From the top of the world there we saw quite a few recreational vehicles in the area. It would warm your heart, I'm sure.

Your comments regarding expenditures both of you made attracting tourism, in 1983—an interesting figure I would like to use here—in 1983 Mexico spent $183 million to attract foreign tourists to their shores. And they were, of course, in less than excellent financial shape. And we spent $12 or $13 million in USTTA, which is more than just promotional.

That is what we are trying to come up with, some sort of answer where we as a nation can invite and cause more people to come here to do the things that would not only further friendship, but boost our economy, and give them an opportunity to see our wonderful country.

Thank you so very much for being with us today. A special thanks to all of you, because I know that you have left your homes, your businesses, and I know for some of you it's been a real sacrifice. We do appreciate this more than we can say.

Mr. IRELAND. Mr. Chairman, if I could, for the record, I want to make note of the fact that Mr. Kindlund and his wife—not just the corporation, but the two of you—got the Small Business of the Year Award, so he has some notoriety in these parts. That's the kind of thing that makes this world go around.

Mr. KINDLUND. Being located in central Florida helped an awful lot.

Mr. IRELAND. I wouldn't be too modest.

Mr. SKELTON. Thank you very much.

[Whereupon, at 3:45 p.m., the subcommittee adjourned to reconvene subject to call of the Chair.]

INTERNATIONAL TOURISM AND AMERICAN SMALL BUSINESS

(Part 3)

SATURDAY, MARCH 8, 1986

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EXPORT OPPORTUNITIES
AND SPECIAL SMALL BUSINESS PROBLEMS,
COMMITTEE ON SMALL BUSINESS,
Winter Haven, FL.

The subcommittee met, pursuant to notice, at 9 a.m., at Cypress Gardens, Winter Haven, FL, Hon. Ike Skelton (chairman of the subcommittee) presiding.

OPENING STATEMENT OF CHAIRMAN SKELTON

Mr. SKELTON. Our hearing will come to order.

I would like to welcome those of you that are with us today to our second day of hearings here in Florida.

And let me say that this has been a most delightful experience for me, not only as chairman of the Small Business Subcommittee, but as someone who is well acquainted with Florida.

I was saying something a few minutes ago to some of you about my associations with Florida. Having spent a great deal of my young life in the Jacksonville area, I feel like I am coming back among friends. Thank you so much for the courtesy you have extended us.

The purpose of the hearings has been to learn for the benefit of the Small Business Committee and for Congress what the Federal Government should do, if anything, to support and promote tourism.

As my friend and colleague from Florida, Andy Ireland, has pointed out, the best way to learn is to go to the source.

I don't think it is any accident that Florida ranked first in the Nation in terms of overseas promotion of tourism and first in the Nation in terms of foreign visitors' spending receipts.

So, why should Congress care? Because this has provided tens of thousands of jobs and millions in tax revenues for the State, as well as for our Nation. Even more important, every dollar we earn in tourism is $1 subtracted from the growing trade deficit, which, as you know, is looming over us.

During our hearings, in fact, our subcommittee has come to view tourism as simply an export that is consumed here at home.

One final thing I would like to say is that I am pretty proud of my home State of Missouri. My friend, Andy Ireland, has been back there with me on a couple of occasions; and I think he would say that they are pretty good folks there, and that the barbecued beef and the gooseberry pies are the best that can be found anywhere.

I don't have to tell you that the stone crabs and the key lime pie we have had here are rivaling what we produce in Missouri.

I thank you not only for your friendship and courtesy, but for the excellent cuisine we have had here.

Andy Ireland.

OPENING STATEMENT OF HON. ANDY IRELAND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. IRELAND. Thank you, Mr. Chairman, and thank you for making sure that as we travel around the country, we stop here in Florida where, as you say, the statistics show that we are on the leading edge of tourism in America.

It is particularly important and significant that we have the hearings here in Cypress Gardens, which has been a leader in tourism in Florida for over 50 years now. Our thanks to Ken Smith and everybody at Cypress Gardens and the folks at Sea World for putting together the logistics of our visit.

Particular thanks this morning as we wind up our last day, to Brenda Pulley of your staff, Steve Lynch and Glenda Wright of my staff, for making it easy on us and making it possible for those stone crabs to be there at the right time, and the key lime pies to arrive on time.

We are addressing, in between discussions of gooseberry pie and things, some pretty serious issues as far as our economy is concerned. Tourism in America is 5 million jobs that touch life across this Nation. It is the small business that makes it work.

The Federal Government has a responsibility in this area even if it is to stay out of the way by not imposing excess regulations.

The information that we have gathered in other parts of the country, and on this trip will help us and our colleagues make the correct economic policy decisions that will help everyone.

We appreciate your taking the time to come here. We are delighted to have you.

Mr. SKELTON. I might add, for those of you present, we have had a number of hearings on this subject of tourism in our subcommittee. Of course, we have had them in Washington. We have also had them in St. Louis, MO, which, of course, is the Gateway to the West, and the Lake of the Ozarks, and in Little Rock, AR.

We hope to have some more. They will probably be in the Washington area as opposed to out in the field. But I do appreciate your courtesy and your participation.

Our first witness today is State representative, the Honorable Rick Dantzler. We will ask him to come forward.

I would also mention that after Representative Dantzler testifies, we will be having three panels. We will ask the panel members to give their presentations, and thereafter the gentleman from Flori-

da and I will have several questions for each panel in that procedure.

Without further ado, we welcome you, Rick.

TESTIMONY OF HON. RICK DANTZLER, STATE REPRESENTATIVE, DISTRICT 43, STATE OF FLORIDA

Mr. DANTZLER. Thank you, Mr. Chairman, Congressman Ireland, and staff.

I have had the good privilege of representing the people of district 43 in the Florida State Legislature since 1982. And, on behalf of everyone in district 43, welcome. We appreciate your being here.

We are fully aware of the impact that tourism has on not just our State's economy, but also our economy here on a local level as well.

I have served on the tourism committee in Tallahassee since 1982, and I currently chair the tourism subcommittee of the full tourism and economic development committee. We appreciate your presence.

I think it is appropriate that we are here at Cypress Gardens. In 1935, where we are was a cypress swamp. A year later, in 1936, Dick Pope came armed with nothing but a dream, and he has now transformed that cypress swamp into a 223-acre national treasure that provides entertainment—family entertainment, I might add—for nearly 1 million visitors every single year.

This is the best example I know of of how small business can benefit from tourism. It began as a small business, and now it is this wonderful establishment we see today.

For every 1 million visitors that travel to Florida, 28,000 jobs are created, with 15,000 of those in the service industries, including 7,800 in retail establishments with gross sales of $991 million in goods and services throughout Florida.

I have been asked to speak about how the State legislature can help tourism and indirectly, of course, help small business. And in my opinion, the most important thing that the State legislature can do to promote tourism is to enact the environmental protection laws which safeguard our quality of life.

Florida, as you know, is, in our opinion, one of the most beautiful States in the country. It is also one of the most fragile, environmentally. Take water, for example. We draw 92 percent of our drinking water from natural underground reservoirs, most of which are very close to the Earth's surface.

In Florida, and I don't claim to be an alarmist, but there are about 250 hazardous waste dumps, 25 of which are on the EPA's list of the most dangerous in the country. Literally hundreds of thousands of hazardous wastes are manufactured in this State every single year, and a great deal more comes into our State from across the State boundary from other States.

It would be a tourism disaster for the integrity of our water supply to ever become questioned. Probably the thing that gives Florida its identity is our oceans and our beaches. When someone from the north thinks of Florida, one of the first things he thinks of is the beach and the Sun.

The State legislature has recognized the need to protect our water. And we have in recent years enacted environmental protection legislation that I think is fair and responsible. It is the kind of legislation that strikes a fair balance between private property rights and the public good.

Many of you are familiar with how rapidly this State is growing. Every single day, nearly 800 people move to this State. If they were to locate in the same place, we could create a city the size of Tampa every single year. As you can imagine, that places an incredible burden on our infrastructure.

And one of the things that is burdened the most is our transportation system. We have tried as a State legislature to keep pace with this growth, but we are falling behind, and we certainly need your help in that area.

The State of Florida tries to market its tourism industry directly in several ways.

One, through a State effort; and, two, through a local effort. The State effort is a generic advertising program run through the Division of Tourism within the Department of Commerce.

It promotes Florida as the ideal vacation, recreation, and convention center. Its activities include the management of the paid advertising program of television and print ads. They try to encourage editors and travel writers to come to the State to write about their experiences. They manage a direct sales program and do many, many other things.

I know that Dean Gaiser from the division of tourism testified yesterday, so I won't go into the details of those.

One thing that the State legislature has done to allow our local people to promote themselves is we have enacted enabling legislation to allow a county, by referendum, to impose a 1- to 2-percent bed tax on short-term accommodations. To date, 18 counties have enacted that tax, and they generate approximately $35 million annually to promote themselves.

Another thing that I have been asked to talk about today is how the Federal Government can assist in this effort. And I really think that the biggest thing you can do to help us out is to help us preserve our quality of life.

I mentioned the hazardous waste dumps existing in Florida. Your support of the Superfund and programs like that are critical. We need your help in that area.

With the oceans, your jurisdiction of Federal waters has a direct impact on us, because those jurisdictional boundaries are so close. Things such as oil spills could be disastrous to the integrity of our beaches and estuaries. We need your help in the proper kind of regulation of those Federal waters.

Transportation funding. Your participation in the primary road system is needed and appreciated. Recently, there have been some that have questioned the safety of air travel. Anything you can do to help us out in that area and provide us with more direct flights into the State would certainly be appreciated as well.

The State legislature, 2 or 3 years ago, embarked on a most ambitious project, I think, to construct a bullet train, which is a high-speed rail from Miami to Orlando and from Orlando to Tampa.

When fully operational, the bullet train could transport nearly 30,000 people annually. If that happens, it will be bigger business than Disney World. By the year 2020, it is estimated that we would need 44 lanes of interstate travel from Miami to Orlando and 13 lanes of interstate travel from Orlando to Tampa without the bullet train.

So, if there is anything you can do to help us out, we would certainly appreciate that as well. We have tried to enact the statutory framework that will allow a private business to make a profit.

We don't anticipate any need for any State or Federal dollars in that program, but it may be that with the assistance of right-of-way acquisition and that kind of thing, we may be coming to you and asking for help.

I am fully aware of the budgetary restraints that you now have to work within. The Gramm-Rudman-Hollings bill, I think, has forced many questions, so the last thing I am going to do is take advantage of this forum and ask you for financial assistance.

But I will simply say that one thing, several things, I guess, that I really believe Government is absolutely required to provide for the citizenry. One is environmental protection and, two, a workable infrastructure.

Those are things that the State legislature has tried to address in a responsible way; but, in both those areas, I think, the problem and need is simply too great for us to do alone. We need your help, and I think it is appropriate for you to help us, as well.

To try and summarize what I have said, your help in safeguarding our environment, your help in promoting a sound economy, and your assistance in a workable transportation system are, in my opinion, the best things you can do and the most helpful things you can do as a national Congress.

If we have those things, I believe the rest will take care of themselves. If we have those things, small business will flourish, just as this one we are at has flourished in the last 50 years.

Thank you for being here, and I will be happy to respond to any questions, if you have any.

Mr. SKELTON. Representative Dantzler, thank you very much for your excellent testimony.

Congressman Ireland.

Mr. IRELAND. Thank you, Mr. Chairman.

Rick, that was outstanding and right to the point. I couldn't agree with you more, particularly on the environmental issue. If we destroy the beaches and the surrounding area, there will be precious little tourism in this State. And of course, that applies as well around the country. In the promotion of tourism, what about a tax on tourist attractions? Where will that go in the State?

Mr. DANTZLER. Currently, there is about $9 million appropriated from the general revenue fund to fund the Division of Tourism. We have found that in recent years we are falling woefully behind many other States in the country in the extent of funding we provide for those kinds of services.

Right now, I believe we are fifth in the Nation in terms of the amount of dollars we spend to promote tourism.

The idea that Congressman Ireland has mentioned is one which is the work product of a study commission appointed by our Gover-

nor approximately a year ago. And their recommendation is to impose one-half of 1 percent tax, gross receipts tax, on a variety of kinds of businesses.

The projections of that committee are that we need about $30 million to do the promotional effort that we think we need to do in order to keep pace with the rest of the country.

The idea they have come forward with raises about $20 million. It more than doubles the effort existing in the legislature, and I think it is needed.

Mr. IRELAND. Those funds will be administered by people in the industry, a little like the Citrus Commission?

Mr. DANTZLER. That is right. We have tried to pattern that after the Citrus Commission, which, for the benefit of those not from Florida, is a group comprised of industry people that regulate the citrus people.

I am a great believer in letting the industry people manage the dollars, if that is possible, with the proper kind of oversight. That is what we are trying to emulate on the tourism level as well.

Mr. IRELAND. Rick, thank you so much for your testimony. It was excellent and to the point.

Mr. SKELTON. Rick, would you go back for me and tell me first how your tourist commission moneys work, flow in, flow out, and then also the other ideas, that it is patterned after the Citrus Commission. Would you run through that real slowly for me?

Mr. DANTZLER. Yes; the Citrus Commission is a State agency, but it is essentially, a group of people that manage the Department of Citrus, which is a State agency. The Citrus Commission is comprised of nine members appointed by the Governor, each of which has to come from a particular segment of the industry.

There are growers, processors and people like that all represented. We have tried to have a fair representation of all segments of the industry on that commission.

The money that they have to manage is raised through a box tax. In other words, there is a certain amount of tax levied on each box of citrus grown in the State. Those dollars are managed by the Citrus Commission members.

The tourism commission idea is patterned after that. We will have representatives from the various segments of the tourism industry. The money will be raised through a gross receipts tax levied on certain establishments.

Mr. SKELTON. Let me stop you right there. How do you choose those establishments that participate? That is the rub; is that not correct?

Mr. DANTZLER. Yes, sir; that is. That is inherently a political process. Right now, everyone involved in the tourism industry, hotels, motels, attractions such as Cypress Gardens, are in the formula. Right now, restaurants are not. And one of the issues before the legislature is whether we will include restaurants in that formula.

Mr. SKELTON. Go ahead, then. How is the money, once it is collected, going to work?

Mr. DANTZLER. That will be up to the discretion of the commission members.

Mr. SKELTON. Will it be used mostly on advertising or——

Mr. DANTZLER. Yes, sir.

Mr. SKELTON. Thank you so much for being with us.

Mr. DANTZLER. Thank you.

Mr. IRELAND. Thank you, Rick.

Mr. SKELTON. Panel No. 1, Ken Smith of Cypress Gardens and Lou Gorman, formerly of the Kansas City Royals and now of the Red Sox. That is panel No. 1.

I just want the audience to know I restrained myself from not wearing my Kansas City Royals ball cap this morning.

We want to welcome both of you as our panel members. As I mentioned before, we will ask for your presentations, and then Congressman Ireland and I will have some questions.

Mr. Smith, a special thanks to you for hosting us here at Cypress Gardens. I told Andy this morning when we were coming that all my life, I had wanted to come to Cypress Gardens, and little did I ever think I would be here as a Member of the United States Congress holding a hearing.

It is a real personal thrill for me, and thank you again.

Mr. Smith.

TESTIMONY OF KENNETH C. SMITH, PRESIDENT, CYPRESS GARDENS

Mr. SMITH. Thank you, Mr. Chairman. And I would like to thank you for selecting Cypress Gardens as the site for this hearing on tourism.

Cypress Gardens is one of Florida's premier attractions. This year, we celebrate our golden anniversary, 50 years of continuous operation. In this past week, the 34 millionth guest passed through our gates. This year marks another milestone for the Gardens. It is our first year of operation as a wholly owned subsidiary of Harcourt Brace Jovanovich, a Fortune 500 company with corporate headquarters in Orlando, FL. The acquisition of the Gardens by a major corporation like HBJ reflects the importance of tourism in this country.

We are located in Polk County, a county in which tourism is not the No. 1 industry. Nevertheless, we generate a substantial amount of revenue for our county government. Our sales this year will be approximately $20 million and sales tax collections on that will be about $1 million.

We employ an average of 700 people on a year-round basis, with an annual payroll in excess of $7.5 million. A major expenditure program has been undertaken, and by the end of 1986, we will have invested $5 million in improvements to the Gardens. Much of this money will be spent with local contractors and suppliers.

To provide and sustain growth, it is necessary to conduct an aggressive ongoing advertising and publicity campaign. This past year, we increased our marketing expenditures almost 100 percent over the previous year, and this year we anticipate spending an additional 50 percent.

Most of our advertising dollars are spent in the Florida market, although many of our promotional efforts are directed to points of origin, both domestic and foreign.

Foreign visitation varies from year to year because of economic conditions; however, foreign visitors have been almost 10 percent of Cypress Gardens' visitors in years past, and we believe this year's foreign visitation will be about 5 percent.

Our sales efforts are equally extensive. We have a sales staff of 18 to deal with all types of organizations, from companies that sponsor picnics to major wholesalers who furnish Florida fly/drive programs, both foreign and domestic.

Our sales people regularly attend industry functions, against both domestic and international. We also participate in major travel shows throughout the United States and Canada.

I think the most important service that can be furnished by State and Federal travel-related agencies is a continuation of what they are doing at the present time; that is, to provide a liaison between organizations such as ours and organizations in foreign countries that we are attempting to reach, as well as being a catalyst for cooperative efforts between private industry and governmental agencies.

Another important service provided by these agencies, and in particular the USTTA, is the research data that is provided by them. That information is valuable in targeting countries that offer the most opportunity for soliciting visitation from their citizens.

In summary, tourism is the entire life of this small business, even though we are part of a major corporation with diversified interests.

Thank you for your efforts in coming here today, and thank you for your interests in our industry.

Mr. SKELTON. We appreciate your comments, Mr. Smith.

Mr. Gorman.

TESTIMONY OF LOU GORMAN, GENERAL MANAGER, BOSTON RED SOX

Mr. GORMAN. Thank you, Congressman Skelton, Congressman Ireland, and staff. I am proud to be known as a fellow Stonehill alumnus.

Now, the Red Sox are now on their 21st season of spring training here in Winter Haven. In the past 20 seasons of spring training, generally from February 20 through around April 10, the Red Sox have contributed approximately $1 million to the economy of the Winter Haven area.

This is directly or indirectly as a result of actual expenditures ourselves or the result of tourists that come here because of the Red Sox spring training in this area.

To note, it might be noted that when the Red Sox began their spring training in Winter Haven some 21 years ago, the population of this area was around 19,000 or 20,000. And, over the period of time that the Red Sox have been here, for 21 years, the population has now grown to well over 80,000 people, many of whom are former New Englanders who have come down and reside in this area because of the Red Sox spring training here.

The impact of professional baseball and spring training in Florida dollarwise, obviously, is enormous. The Red Sox staff and total number of players in camp—and we train both the major league

and the minor league clubs here—so we are dealing in terms of some 45 to 50 in the major league ball club and some 140 on the minor league club also spring training at the same time.

We will bring down here a total of over 230 people who are on our payroll. This would include players, coaches, instructors, secretaries, management personnel, doctors, broadcasters, television people, all of whom are on the Red Sox payroll directly.

The players, some 170 strong, will be receiving a major league meal allowance of around $41 a day. They will receive motel allowances, special allowances, that total around $650 per player per week.

So our direct expenditures of moneys to the players alone is around $200,000 each spring. Between the major league camp and the minor league camp, the Red Sox will spend about $560,000 directly into the economy each spring that we are here.

We are just scratching the surface when we talk about the economic impact of the ball club itself. There are some 18 major league clubs, as you well know, that train in Florida.

And a projection done by the St. Petersburg Independent Evening News about 6 years ago showed that the impact of the Cardinals in St. Petersburg resulted in an expenditure of about $7 million directly to the economy of that area during the 6-week period the Cardinals were there, as a result of tourists coming, spending money in hotels, motels, meals, entertainment, et cetera, plus the expenditures of the club itself.

If you project that each club would spend $6 or $7 million—or impact on the economy that much during the period they are here, and you multiply that times 18 major league clubs training in Florida, you can readily see that during that period of time, major league baseball probably impacts $100 million on the economy of the area during just one spring training period alone.

We have, besides the fact that we impact dollarwise on the economy, an entourage of press and media and television people that follow us during spring training.

At the present time, we have five television outfits in our camp from the greater Boston area, the New England area. We have some 30 sports reporters that are now covering us in the workouts on a daily basis every single day.

These are from Boston, Providence, Manchester, New Hampshire, Worcester, MA, Springfield, MA, Hartford, CT, and from the entire greater New England area.

And they are daily writing back stories to the newspapers in the greater New England area, which is at this point snowbound for the most part, extolling the virtues of Winter Haven and the area, the sunshine, and so forth, and enticing tourists to consider coming down here.

When you look at it, this is something you really couldn't buy or afford to buy, nor could we. So that daily, there are hundreds of words written back to the snowbound New England area extolling virtues of Winter Haven and Polk County and enticing them to come down here to visit.

We will televise about five or six of our games this year out of Winter Haven back to New England, where folks can be sitting back there in the cold looking at the beautiful weather in the

Winter Haven area and certainly be encouraged to consider coming down.

We will broadcast 15 of our games back to New England, all through the New England area, during this spring training period.

Thousands of Red Sox fans pour to this area in the wintertime. One group alone, Bo-Sox Booster Committee, will come down here on about March 15, and they are some 400 strong. They come during a 2-week period here just to see our ball games and to be here, fill up the hotels, motels, taverns, bars, and whatever.

Basically, I think, in summation, the contribution of professional baseball to the economy of Florida is enormous. It is far reaching; it is continual. And I think that when you realize the impact, that a ball club could come to an area of this size and impact $6 or $7 million over a 6-week period, it is a tremendous contribution to the economy.

Thank you.

[Attachments to testimony follow:]

$pring training

Big league teams bring at least $500 million to Florida economy

Compiled from staff and wire reports

When major league baseball rolls south into Florida each year to thaw out with spring training and Grapefruit League games, sports fans aren't the only ones happy to see them.

Businesses in 15 cities hosting 18 teams look forward to this time of year just as much as the fans. Maybe more so, because the spring-traning business makes their cash registers ring.

For that reason, the Winter Haven Area Chamber of Commerce is presently conducting an economic impact study to determine how much money the Boston Red Sox actually attract to the city.

Although there are no definite figures yet, Chamber Executive Vice President Joyce Davis said that Red Sox General Manager Lou Gorman recently claimed the team has brought in more than $100 million in the 20 years it has trained here.

"Remember, those figures started out low," she Davis said.

Moreover, Davis said, the Lakeland Chamber of Com-

Please see *ECONOMY*, 14A

Economy

From 1A

merce estimates that the Red Sox attract approximately $8 million to Winter Haven while the Detroit Tigers bring about $15 million to Lakeland.

Chamber President Sally Blalock said the revenue is "significant."

Dean Gaiser, Florida's director of tourism, estimates that spring training pumps between $500 million and $1 billion into the Florida economy. The teams spend money on goods and services, and fans fork over cash for lodging, food and services while they watch their team prepare for the long season.

"It's big, big business," Gaiser said. "That's why communities in the state vie very strongly for baseball teams, and why many work strenuously to maintain them."

In comparison, he points out that Florida's citrus industry, second only to tourism in terms of economic importance, pumps about $2.5 billion into the state's economy each year.

Officials in St. Petersburg, which has the St. Louis Cardinals and New York Mets, measured the economic impact of spring training in that city at $6.2 million as long ago as 1978. Tommy Mercer, director of tourism for Fort Lauderdale, estimates the city picks up an extra $20 million to $25 million as the spring-training home of the New York Yankees.

No city is more reliant on spring training than Vero Beach, the longtime home of the Los Angeles Dodgers. The National League team doesn't pay any rent because it owns its 450-acre training camp. But the Dodgers still contribute mightily to the economy.

"They employ a lot of people here year-round," said J.B. Norton of the Vero Beach Chamber of Commerce. "The Dodgers alone spend close to $9 million a year here. That doesn't include impact from the people who pay to watch them."

Gaiser said money isn't the only way to measure the impact of team on its spring training city.

"Having a team gives the communities an identification in a market area," Gaiser said. "It's constant publicity for two months."

That's why Kissimmee approached the Houston Astros two years ago and lured them away from their previous spring training home in Cocoa Beach.

The other teams making their spring homes in Florida include the Atlanta Braves and Montreal Expos in West Palm Beach; Kansas City Royals in Fort Myers; Chicago White Sox in Sarasota; Baltimore Orioles in Miami; Cincinnati Reds in Tampa; Minnesota Twins in Orlando; Philadelphia Phillies in Clearwater; Pittsburgh Pirates in Bradenton; Toronto Blue Jays in Dunedin; and Texas Rangers in Pompano Beach.

Spring training having its problems

By Patrick Zier
The Ledger

LAKELAND — Spring training. To many of the players, especially the veterans, it quickly becomes a boring routine.

To the fans, most of whom come from cold locales, it means fun in the sun, a respite from winter's final blow.

And to cities such as Lakeland, which house the major league teams as they prepare for the upcoming season, it means big bucks.

Jim Campbell, president of the Detroit Tigers, who train in Lakeland, estimates his club spends "in excess of $500,000" each year solely on spring training related expenses.

The Lakeland Chamber of Commerce says the Tigers' economic impact here, using a multiplier effect, is worth about $18 million.

Over in Winter Haven, where the Boston Red Sox are encamped, the numbers would likely be similar.

The Winter Haven Chamber of Commerce has no figures on the Red Sox' effect on the local economy, but a study has been concluded and the chamber is expecting a report shortly.

Obviously though, baseball is big business in Florida, especially now.

Eighteen of the 26 major league clubs call someplace in Florida home during the spring, and for the most part, communities fight to keep them.

Of late, a kind of internecine warfare has emerged within the state, as many smaller and developing communities have sought to lure teams from their established locations with newer and better facilities and more lucrative contractural agreements.

After spending a good deal of money to renovate and improve its stadium for the Montreal Expos, Daytona Beach suddenly found itself without a home when the Expos headed off to West Palm Beach, which also houses the Atlanta Braves.

Down the road in Cocoa, the Houston Astros pulled out when the city and team could not reach agreement over improving the rapidly degenerating facilities there.

Kissimmee, with a brand new complex, landed the Astros in 1985.

And that's just an indication of the current instability which is affecting many of the major league teams in Florida.

As more communities seek to attract major league baseball in the spring, the teams have a wider choice of options.

And if their demands are not met, they simply relocate.

Very few areas are immune to the relocation syndrome, and any number of reasons, not just a better offer, can weigh in the decision to move.

For example, Daytona Beach is regarded as less than ideal for two reasons — location and weather.

Most clubs prefer being bunched up to cut down on road trips, and Daytona Beach is essentially isolated from the other teams in Florida, with the Minnesota Twins in Orlando closest, and that's a 60-mile trip one way.

Daytona is also pretty far north, with cold winds off the ocean in February and March. That is also a factor working against it.

But the city is still trying to land another team.

Fortunately for Lakeland, it doesn't have that problem.

The Tigers are extremely satisfied here, and there is no chance they will leave in this century.

Only Vero Beach, where the Los Angeles Dodgers have a massive investment in a spring training complex and conference center, has more of a lock.

Most feel the Dodger facilities are second to none, although Campbell argues strongly for the Tigers' Lakeland complex.

Detroit has trained in Lakeland for more than 40 years, and only one team in Florida, the Cincinnati Reds in Tampa, have been in the same city longer.

Currently, the Tigers and the city have a lease which runs through Dec. 31st, 1991, and the club has an option to renew for another 10 years by providing written notice of its intent to do so one year before the current agreement expires.

In Winter Haven, the city and the Red Sox are now trying to negotiate a new lease, and while they are expected to reach an accord eventually, the relationship there is not as solid as that of the Tigers and Lakeland.

For one thing, the Red Sox want an escape clause, which would let them leave for $500,000.

Campbell says there is no escape clause in the agreement between the Tigers and Lakeland.

"We've always had an extremely good working relationship with city officials here," Campbell said.

"They've always done everything they can to help us out.

"In all the years we've been here, there's never been one harsh word between the ball club and the city."

Other cities in central Florida also have problems.

St. Petersburg will lose one of its two teams, the New York Mets, in 1988.

The Mets have told the city they will not renew their lease and are moving to Port St. Lucie, which is building a new baseball complex.

In neighboring Tampa, the city and the Cincinnati Reds have hit a stumbling block in their efforts to renegotiate an agreement.

Tampa, enamored with the thought of a possible major league team, doesn't want to tie itself to the Reds when it feels a new stadium might have to be built on their current training site.

The Reds, in turn, want some assurances that they will have a suitable place to [illegible]

Other cities are making a strong [illegible] to get the Reds, and if something isn't worked [illegible] before the team leaves in April, there's a good chance it will move after 1987.

Elsewhere, the Texas Rangers are leaving Pompano Beach (now a contender for the Reds) for Port Charlotte in 1987, and the Kansas City Royals and Fort Myers are currently in a sparring match over their arrangement.

In the Rangers' case, the move offers an opportunity to consolidate their operation, which currently has the minor league complex in Plant City and the major league team training in Pompano.

In short, these are relatively unsettled times for the teams in Florida.

And with fresh bait always being dangled in front of them, there's a good chance some more will bite.

Red Sox Training-Then And Now

By DAVE O'HARA

WINTER HAVEN, Fla. (AP) — There was one small movie theater in town. The lone hotel was a couple of blocks away. A big night on the town was a visit to the Elks Club.

In the heart of the citrus belt, the big attraction was Cypress Gardens and its water ski show. The main [illegible] was a two-lane road [illegible]

[illegible] agreement of a stadium [illegible] cable [illegible] had the [illegible]

[illegible] and by a young baseball [illegible] given [illegible] Cincinnati and sent to Yale. [illegible] Walter Hagen [illegible] trying to [illegible] Cincinnati [illegible] golfing.

[illegible] Red Sox were in the [illegible] and their smallest home attendance [illegible] since World War II.

After seven years in Scottsdale, Ariz., Dick O'Connell, the Red Sox new general manager, decided it was time for the club to return to Florida. Like Winter Haven, the Red Sox were starving for attention.

So, shortly after O'Connell was promoted from business manager, the Red Sox abandoned the glitter of Scottsdale for a sleepy central Florida town.

That was in 1965. Today, in their sixth season here, the Red Sox are part of a booming region with a dateline prominent throughout the country.

"I think the general reaction when we arrived was, 'What are we doing here? What are we getting into?'" recalled Buddy LeRoux. "I don't think anyone had the slightest idea how much the area would grow in less than 20 years."

"Things were so bad that we had to lure George McDonald, then president of the Florida State League, as an adviser to the architect of the ball park and facility," O'Connell said. "However, we had given notice to the people in Scottsdale that we wouldn't be back after 1965, and we had to move some place."

"There were a few problems, but after that first spring in 1966 the economy in the area began to take off," said U.S. Rep Andy Ireland, R-Fla., the banker whose efforts to bring a major league club to Winter Haven finally paid off.

Ireland, who left the private sector when elected to Congress in 1976, said he thought of getting a major league team when "I acquired the American National Bank in 1962."

"It was a small bank and I was looking for ways to put it on the map," Ireland said. "I knew that for the bank to grow the area would have to grow. The Detroit Tigers were in nearby Lakeland and I thought how often a ballclub would put the Winter Haven dateline in print throughout the country.

"Having grown up in Cincinnati, I knew Bill DeWitt of the Reds, but they were committed to Tampa. I also talked with Gabe Paul of the Cleveland Indians. Gabe told me his club had signed a new contract to remain in Arizona. Then along came the Red Sox. Dick O'Connell did the rest."

O'Connell said that during spring training in 1965 he left Arizona and was given a tour of Florida by the state's development commission. He visited many communities, including Hollywood and Boca Raton.

"We had spent many fine years in Sarasota — from 1933 to 1958 except during World War II — but for some strange reason a decision was made to move to Scottsdale after Joe Cronin left as general manager to become president of the American League," said O'Connell, who was fired by the Red Sox' new ownership after the 1977 season. "We knew we had to get to Florida.

"In Arizona, we only had a handful of writers from New England. There was a two-hour time difference and radio stations didn't want to broadcast our games. We had to get back to Florida to get more exposure and create more interest among our fans."

After the quick tour of Florida, O'Connell met in Boston with Paul and Jim Campbell of the Tigers. They recommended Winter Haven.

"I flew down, looked around and talked with several people, including Dick Dantzler, a real estate man who was mayor, I think. Dick Pope of Cypress Gardens, and others. We needed a place to train and I decided Winter Haven was the place with the most enthusiastic support."

"Dick O'Connell had the foresight to select this area," said LeRoux, who, after nine championship years with the Boston Celtics, moved as trainer to the Red Sox for his first spring training in 1966. "However, it didn't look like much back then.

"The area wanted a ball club badly, but it didn't have much to offer. The Haven Hote was embarrassing. It was probably the dirtiest building I've ever been in — and we housed our players there. It was the only hotel in town and there were only a handful of small motels around. And there was very little for the players to do. Many spent evenings rocking away in chairs on the veranda with older folks."

Red Sox manager John McNamara, right, and coach Frank Malzone at Winter Haven.

"It was a one-horse town, nothing like it is today," recalls Bernice Keane of Winchester, Mass. "The growth has been unbelievable.

"It doesn't seem like nearly 20 years since the Red Sox came here, but you certainly can tell it wasn't exactly yesterday just by looking around," says Onyx Childs, longtime hostess of Nick Christy's, the top restaurant in Winter Haven since the early 1960s.

"The Red Sox were a shot in the arm," said Christy, a Wyoming native who went to high school with sportswriter Curt Gowdy at Wellesley, Mass. "When they came, my restaurant here had orange groves on three sides. Now there's a mall on one side, the Holiday Inn on another and business all around."

LeRoux, who has had a personal part in the area's boom, says that the Red Sox' arrival triggered the explosion.

However, he and Ireland are quick to point out that the club's "Impossible Dream" pennant in 1967 gave added impetus and the opening of Disney World in nearby Orlando in 1971 was a bonanza.

"The growth has been fantastic," said LeROUX, now a co-owner of the Red Sox, whose varied business interests include the Haven Hotel, now housing condominiums and offices, the Holiday Inn, built for the Red Sox in 1967, and a development firm with about 600 acres of local real estate.

Jesse Davis, executive vice president of the Winter Haven Chamber of Commerce, said the area's population has grown from about 20,000 to 47,000 since the Red Sox checked in. Throw in more than a million tourists and imagine the traffic jams.

The local hospital has expanded from 40 beds to an all-modern, 300-bed facility. There are eight banks and five savings and loan associations with deposits of more than $300 million.

"There are five brokerage houses, an [illegible] with more than 1,000 rooms, four radio stations, nine movie theatres, more than 80 churches and a nationally recognized community theatre. There are a bunch of malls and shopping centers, with others under construction and one 40-acre development planned near the Red Sox' training facility.

Chain O'Lakes Park still stands out, although condos have replaced orange groves beyond the fences in right and centerfield. There's also an adjacent three-diamond complex for the minor league clubs.

"When I first visited here with Dick O'Connell they were still pushing up dirt," said Red Sox co-owner Haywood Sullivan. "There was no administration building, no ticket office. But they got the ball park built in just one winter. Since then, the people around here have come a long way."

As a trainer, LeRoux recalled one of the Red Sox' first casualties.

"The fences in the park hadn't been installed and many balls hit in batting practice went into a swamp area," LeRoux said. "One day we sent Mike Ryan, a rookie catcher, to retrieve the balls. He stepped on what he thought was a rock. It was an alligator's head. Fortunately, Mike suffered only a scrape when the alligator tried to take a bite.

However, there is little danger from alligators in these parts today. Most have been driven out, or removed by state officials, a casualty of the times.

Mr. SKELTON. Thank you, Mr. Gorman.

Mr. Ireland?

Mr. IRELAND. Thank you, gentlemen.

It is impressive to hear those statistics, Lou, and the State of Florida and this area are indeed fortunate to have all the baseball teams here.

We talk, as Representative Dantzler did, of ways to promote the area; and, indeed, the very fact that these major league teams are here, and the datelines that are going back across America, be it Detroit or Boston, or such, is in itself, in a sense, the private sector at work.

Ken, I wanted to ask you, you mentioned the source of foreign travel; and obviously, the foreign traveler has gone through the rigors of customs, and everything, as you and I discussed before.

As Chairman Skelton mentioned, foreign travel is like an export for this country, and goodness knows we need that at the present time.

Has there been any thrust in the private sector nationally to help the U.S. Tourism and Travel Administration by a private combination of funding, not unlike what is being proposed at the present time on the State level, of joining together to promote those coming to the United States?

Obviously, the amount of money our Government spends is a trickle compared to many small countries. Are you familiar with any of that?

Mr. SMITH. The only area I am familiar with on a cooperative or a unified front would be the USTTA's Catch the Spirit campaign which they have used to encourage, primarily, airlines and other groups that deal in international travel to use the same unified theme in all promotional efforts.

Mr. IRELAND. If there was a thrust to put together even a beginning commission organized along the lines that we heard about earlier at the State level to promote foreign travel, would an attraction like Cypress Gardens be interested in that type of thing or not?

Mr. SMITH. I think some of the attractions would be interested. I doubt that it would work as well nationally as it would on a regional basis, because regionally this country has more appeal to certain foreign countries.

Using South America as an example, Florida is a very popular destination for visitors from Central and South America. I don't know if someone in the Northwest, Portland and Seattle, would be all that interested in trying to spend a lot of their dollars in the South American market.

Mr. IRELAND. That is a good point.

Is there any such thrust in tourism? I know we have the Southeastern——

Mr. SMITH. Southeastern Tourism Society, right.

Mr. IRELAND. Right. Is that an active organization?

Mr. SMITH. Yes; it is very active. There are nine States involved in that. Again, this agency works closely with USTTA in an effort to get foreign writers, primarily, to tour the South and to stimulate interest in our particular geographic region, which is the Southeast. So, they have been very helpful in that area.

The Society itself does not do any advertising.

Mr. IRELAND. That's good.

Thank you very much, Mr. Chairman.

Mr. SKELTON. Thank you.

Mr. Smith, I would like to ask you, on page 2 of your remarks, you said that foreign visitation varies from year to year because of the economic conditions; however, foreign visitors to the Gardens has been almost 10 percent. Then you go on to say that you believe that this year, it will be about 5 percent.

Are you basing this on the economic conditions vis-a-vis our dollar value overseas? Could you expand on that, please?

Mr. SMITH. Well, there is probably no such thing as absolutes when you are talking about such a widespread——

Mr. SKELTON. We understand.

Mr. SMITH. But, I would say generally, you are talking about two sets of economic conditions. The value of the dollar seems to me to have more effect on European visitors to this country than it would South American visitors.

We go through periods where visitors from South and Central America are controlled more by their own economy. The Venezuelan market is a very strong travel market. Brazil will impose limitations on how much money people can take out of the country. Traffic from Argentina has dried up considerably.

So, in South America, it seems that their economy has more effect on travel than on the value of our dollar.

Mr. SKELTON. Can you give us, percentagewise, how many South and Central Americans visit, as compared to the Europeans? And, of course, throwing in there the Oriental visitor or tourist, which I am sure is not that many, but I am sure you get some.

Mr. SMITH. We have data on that. I don't have it available now. Generally speaking——

Mr. SKELTON. I would appreciate, Mr. Smith, if you would furnish that to us in letter form so we can make that part of the record.

Mr. SMITH. All right.

Mr. SKELTON. Without objection, Mr. Ireland, we will make that information referred to available in the record.

Mr. SMITH. Mr. Chairman, I will be happy to.

[The information referred to follows:]

CYPRESS GARDENS™

September 29, 1986

The Honorable
Ike Skelton
Chairman, Subcommittee on Export Opportunities
and Special Small Business Problems
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I regret the delay in response to your request for data on percentages of South American and European guests that visit Cypress Gardens. In the past 50 years of business, Cypress Gardens has accommodated over 34 million visitors from all over the world. Information is now being correlated to determine the point of origin of our visitors. This information has not been broken out by countries in the past.

Information is therefore presented from our sister attraction, Sea World of Florida, giving the percentage of European and South American visitors as a percentage of their gate.

South American Visitors	% of Total Gate	European Visitors	% of Total Gate	1986
7,572	3%	3,495	1%	January
7,336	2%	2,936	1%	February
5,763	1%	6,649	1%	March
4,220	1%	8,440	2%	April
4,584	1%	7,640	1%	May
6,585	1%	6,995	1%	June
13,999	2%	13,480	2%	July
13,335	2%	16,002	3%	August

This information will be available from Cypress Gardens in July, 1987.

I hope that the above answers your question and will be helpful to the Subcommittee.

Sincerely,

Ken Smyth

KEN SMITH
President
Cypress Gardens

P.O. Box 1 • Cypress Gardens, Florida 33880 • (813) 324-2111

Mr. SKELTON. Thank you.

Mr. Gorman, I am impressed with the figures that you gave us regarding the impact of spring training, not just here but all across Florida. For someone who is not as well versed, what other clubs have training in this State?

Mr. GORMAN. Well, you start up in Vero Beach with the Dodgers. You work down to the Twins in Orlando. Houston Astros recently built a beautiful new $4 or $5 million complex over in Kissimmee, right in our backyard.

Of course, we are in Winter Haven. The Tigers spring train in Lakeland. The Reds are now in Tampa. The White Sox are in Sarasota presently. The Pirates are in Bradenton, FL.

Let's see, the Kansas City Royals, your ball club, are in Fort Myers, but will eventually move to Sarasota in the next 2 years. They wanted to get a complex built down there that was turned down by the county by like a 5-to-4 vote, or something. So, they are going to move.

The Orioles are presently in Miami. Texas' club is presently in Pompano Beach, but soon to move to Port Charlotte in a beautiful new $7 million complex. The Braves and Montreal are in West Palm Beach. They share the complex there.

Who are we missing?

Mr. IRELAND. Mets and Cardinals.

Mr. GORMAN. Mets and Cardinals are in St. Petersburg. The Mets are on the verge of moving out of St. Petersburg over to near Fort Pierce in the New Smyrna Beach area; building a $7 million complex there; moving in 1 more year.

Mr. SKELTON. A tremendous financial impact.

Mr. GORMAN. Even if you take the St. Petersburg Independent figures, and they worked strictly with the Cardinals. What they did is they did a survey based on an entire spring training period.

They passed out a questionnaire to the fans coming into the ball park, and we are going to do the same thing this spring, by the way.

There is a young man from the University of Southern Mississippi working toward his master's degree. He is a Winter Haven native. And through the auspices of Joyce Davis, the executive director of the Winter Haven Chamber of Commerce here, we are going to take the same survey this spring of people coming into our ball park.

But the St. Petersburg Independent did it about 7 years ago, and they showed that the amount of money spent by the tourists at that time averaged well over $120 a day with meals and motels and buying, and so forth, restaurant costs, ball park costs, and so forth.

They did that based upon the entire spring training, and it showed an impact of about $7 million in St. Petersburg for that 6-week period that the Cardinals were there.

Mr. SKELTON. I didn't count the ball clubs as you were naming them off. What ball clubs, if any, don't train in Florida?

Mr. GORMAN. Well, there are a number that train in Arizona. The Seattle Mariners are in Arizona, the club is in that area of the country. Chicago Cubs are out there, Oakland A's are out there. San Francisco Giants are out there.

From the western part of the country, it is a little bit more economical for them to train in the Arizona area. So, there are about eight in Arizona right now.

Mr. SKELTON. Thank you. We appreciate both of you being with us.

Mr. IRELAND. Mr. Chairman, if we could ask Mr. Gorman, when that study is finished, when it is public, if we could have a copy of it to put in our records.

Mr. GORMAN. I am certain the chamber will be happy to give it to you.

Mr. SKELTON. Do you have any idea how long that will be?

Mr. GORMAN. He is going to work on it all this spring and try and get a sample of all the fans coming into the park from now until the time we break camp. It will take a little time to collate it, I am sure; but I would anticipate toward the middle of the summer he may have it pretty well done.

Mr. SKELTON. That would be fine. Then, without objection, we will make that part of the record.

[The report referred to is in subcommittee files.]

Mr. GORMAN. Joyce do you have any objection?

Ms. DAVIS. Not at all.

Mr. IRELAND. We focused, because we are in Florida, and rightly so, on major league baseball's impact here; of course, looking to our other colleagues in Congress, those in the Southwest are certainly interested in those figures in Arizona. There is no question, though, that the rest of the season during the summer that baseball is a major tourist attraction around the country.

Would you comment, to the extent that you can, about the expansion of major league teams? You know, the Nation's Capital is anxious to have a team again, as well as other communities.

Mr. GORMAN. Well, I think expansion is going to happen; baseball economics are going to force it. I would anticipate in the next 2 or 3 years we would probably expand by two more teams in the National League.

There are a number of areas in the country that want major league baseball besides Tampa and St. Petersburg. You have areas like New Orleans, that has the Super Dome. They have for many years been wanting a club.

Vancouver now has a magnificent dome stadium. They are desperately seeking a major league club. Denver has been looking for one. Indianapolis has a new dome stadium; they are looking for a club there. There are a number of areas in the country trying to promote and bring a major league baseball club there.

The commissioner about a year ago outlined specific areas that had to be met for them to be considered as a possible site for a major league club, and most of those areas are trying now to meet those criteria to be considered as a site.

But, I would anticipate in the next 2 years, in my judgment, that some decision will be made and they will nominate two areas for major league ball clubs.

Mr. IRELAND. Thank you very much. Thank you, Ken.

Mr. SKELTON. Thank you.

Our next panel, Joyce Davis, Jackie Johnson, and Paul Senft. We welcome this panel, and we will hear first from Joyce Davis, Winter Haven Chamber of Commerce.

TESTIMONY OF JOYCE DAVIS, WINTER HAVEN CHAMBER OF COMMERCE

Ms. DAVIS. Thank you, Mr. Skelton. We appreciate very much Congress' interest in tourism in this area. And, I would like to make a couple of comments.

First of all, we appreciate Rick Dantzler, our local State representative, having such a feel for the industry and how government at all levels can help.

To Kenneth Smith, we would like to say keep up the good work. Attendance is up significantly this spring, we understand, and we hope all of them stay over in Winter Haven.

And, to Mr. Gorman from the Red Sox, our only suggestion to him is that they lengthen the time of spring training.

Mr. SKELTON. By starting earlier?

Ms. DAVIS. Or staying later. We would be delighted to have them.

The people who testified earlier this morning have covered the bases so well, but there are two areas that have not been mentioned that I feel merit a little attention by your group.

One is, currency exchange should be much simpler in this country than it is. Perhaps you might talk with the Federal Reserve and see if that process can be simplified. You have traveled abroad, as most everyone has, and it is a very simple matter to go anywhere in Europe and exchange dollars into the local currency. It is far more difficult in this country, and perhaps that is something you should pay a little attention to.

And, the other suggestion that your group might give some thought to at some point is continuing to encourage the study of languages in school. Back in my era, one was required to study at least two languages to even be graduated from high school. I think we have gotten away from that, and I think perhaps it is time that we get back to encouraging the study of languages.

We, of course, at the chamber of commerce appreciate the impact tourism has on our economy. The small businesses benefit greatly. The local people benefit from the jobs that are created by tourism, not only directly here at Cypress Gardens, but in other areas, Davidson of Dundee, and other people and businesses who deal directly with the tourists, but also the spinoff service industries.

We appreciate the new ideas that we get from the tourists that come here to visit with us and the suggestions they offer. We like having the new money they leave behind floating around and adding to our economy.

The publicity that we gain and enjoy nationally and internationally from having both the Boston Red Sox and Florida Cypress Gardens in the Winter Haven area is invaluable, and we appreciate the impact that has on us.

We also appreciate the fact that both the tourists and the Boston Red Sox, whom we now consider as part of our family, contribute a lot.

Jackie Johnson and Paul Senft have a more complete presentation put together from the tourism committee of the Polk County Economic Development Council, and I am sure you will be interested in hearing from them, Mr. Chairman.

Mr. SKELTON. Thank you, Joyce.

Jacqueline L. Johnson, director, convention/visitors department, Lakeland Area Chamber of Commerce.

And, I cannot see you because of the pole.

TESTIMONY OF JACQUELINE L. JOHNSON, DIRECTOR, CONVENTION/VISITORS DEPARTMENT, LAKELAND AREA CHAMBER OF COMMERCE

Ms. JOHNSON. OK, thank you. It is a pleasure to be here.

Joyce, you had some excellent suggestions there. I agree with you wholeheartedly.

Just a recap, briefly. According to the State department of commerce, division of tourism, in 1984 over 40 million visitors came to Florida, brought $23 billion into our economy. Tourism is Florida's largest industry.

Polk County, certainly including the city of Lakeland, reaps the benefits of this for many reasons. Among those are proximity to central Florida's most famous attractions, Cypress Gardens, EPCOT/Disney World, Busch Gardens, Circus World, among others.

In addition, there are several drawing factors located in Lakeland, the Lakeland Civic Center, the only one in Polk County; Florida Southern College; our beautiful lakes and campgrounds; the Detroit Tigers spring training facility, which we estimate brings an economic impact of about $18 million into our economy on a yearly basis; and, many different special events that we hold in Lakeland throughout the year.

During 1984, 1,029,580 tourists came to Polk County, creating an economic impact of $448 million. The city of Lakeland hosted 83 meetings and conventions in 1984, drawing 159,000 delegates with an economic impact of $21 million.

So, these are some very large numbers. The largest among these events in 1984—and I have 1984 statistics because we are still compiling for 1985. Sun 'n Fun Fly-In, hosted the third week in March, brought in——

Mr. SKELTON. What is Sun 'n Fun Fly-In?

Ms. JOHNSON. It is the largest experimental aircraft association—the second largest, excuse me.

Mr. SKELTON. Experimental aircraft?

Ms. JOHNSON. That is an aviation term.

Mr. SKELTON. Homemade?

Ms. JOHNSON. There are some homemades, trust me; there are some regular built ones there also.

It is an aircraft, aviation, antiques, war-builts——

Mr. SENFT. Restored.

Ms. JOHNSON. Ultralights, those type of things. And, that brought in 31,000 people into our area.

OK, also the Florida High School Athletic Association brings the boys State basketball tournament to Lakeland every year. That has about a $2.5 million impact.

We also had the opportunity to host the Miss U.S.A. pageant, which broadcast Lakeland live across the United States and in many foreign countries. Not only did that create millions of dollars worth of advertising for us, it also brought in a $1.7 million economic impact into our community.

The Chamber of Commerce Convention and Visitors Bureau works closely with our city advertising board promoting Lakeland, FL. The 1985–86 budget for that ad board for convention and tourism promotion was approximately $85,000. That budget is responsible for domestic media advertising, billboards, personal contact, any direct mail, and convention-tourism brochure production and distribution.

I would like to make a comment here. We are budgeted relatively low. We do not have a resort tax yet. Hopefully.

Our advertising market is currently directed toward domestic travel, with the exception of the Canadian market, because that is what our budget allows. We recognize that Lakeland and Polk County have a big Canadian draw.

We work very closely with the State department of commerce, division of tourism, to promote the Lakeland area throughout the year jointly with their calendar of events as much as our budget will allow.

We are members of most of the tourism industry associations directly related to travel and convention promotion, again as our budget will allow.

In summary, Lakeland is aware of all the advantages of tourism. And, one of our chamber's primary concerns is to direct more visitors to our area.

Mr. SKELTON. Thank you so much.

Paul Senft.

TESTIMONY OF PAUL SENFT, CHAIRMAN, TOURISM COMMITTEE, POLK COUNTY ECONOMIC DEVELOPMENT COUNCIL

Mr. SENFT. Congressman, ladies and gentlemen, good morning. My name is Paul Senft, and I am chairman of the tourism committee of the Polk County Economic Development Council.

I live in Haines City, and I own and operate my own small business, an independent insurance agency, when I am not involved in community service activities, such as the tourism committee, economic development, zoning board, hospital board, community college board, and various local and State chamber of commerce and government affairs activities.

I would like to touch on a couple of things that are in the orange brochure.

The orange color, of course, represents the University of Florida.

But, we have just presented those to you.

Mr. SKELTON. You know, I am into parochialism wherever I go down here.

Mr. SENFT. Just to highlight a couple of things from the report, in 1984, the year ending June 30, 1984, Florida Department of Rev-

enue collected $17 million in sales tax from Polk County restaurants, bars, hotels, motels, attractions, and gift shops. A total of $1,662,700 was returned to Polk County from that State department.

Gasoline service stations sales in Polk County totaled $141 million in 1984, and the sales tax returned to Polk County was $6,630,000.

There are other highlights from the report. Two million international tourists visited Florida in 1984, and that is the last full year of reliable statistics that is available. And, these international visitors spent an average of $1,100 per trip to Florida.

Florida is No. 2 behind New York in the total number of foreign arrivals, not including Canadians. In 1984, some 1,819,596 foreign visitors arrived in Florida on international flights.

Finally, no one has mentioned the Canadian visitors to date. And, I would like to point out that 1.5 million Canadian visitors came to Florida in 1984, and they spent an estimated $656 million in this State. Canadians spent more nights in Florida than any other State—28.5 million nights. Our closest competition, New York, had 6.5 million nights spent by Canadians.

There are many other statistics in this report, but I would like to go ahead with my prepared remarks, Mr. Chairman.

Today, you are focusing on one of the most vital elements of the economy of Polk County and central Florida. Our economy is delicately balanced on agriculture, tourism, transportation and industry.

I am sure that you have previously received testimony in Orlando and other areas regarding the local option tourist development tax used by various Florida counties to promote their area and to promote tourism in their communities. I hope also that others will report to you the activities which are under way at the State level to generate revenue to be used for the purpose of promoting the State of Florida as the preferred tourist destination throughout the world.

In this information that we have presented for you is a copy of that enabling legislation from the State and also a report from 17 of the 18 counties.

The 18th county just adopted the resort tax, so their statistics are not in the report. But, the other 17 counties' information is in the report, how much revenue raised, how it is divided among administration, advertising, brick, and mortar, if they built tourist welcome stations in the county, and so forth. So, I will not dwell on that.

The State's effort for the State commission on tourism and the funding of that has already been mentioned today in your discussions.

Let me briefly explain recent activities in Polk County regarding tourism. Our council is currently soliciting proposals from various consulting firms who will provide us with information upon which we can base our future tourism development efforts. In the process of doing our homework, we developed this indepth study, and we are pleased to provide it to you today.

The county staff that developed the report was to be with us today, but was unavoidably detained and could not make it. I will

be glad to answer anything about this study, if you would like to thumb through that at a later date.[1]

Our committee is comprised of voluntary citizens from throughout the county. Some of them are in the tourist industry, and some are not.

We are supported by Cypress Gardens, Lakeland Civic Center, Grenelefe Resort, the No. 1 rated golf course for the past 8 or 9 years in the State of Florida, Circus World, Imperial Lakes, Bok Tower, and the other attractions in Polk County.

As a result of our study and our activities to date, the committee has come to appreciate the impact of the ad valorem taxes paid by these various tourist attractions. The hotels, motels, restaurants, Cypress Gardens, Circus World, make a tremendous contribution to the tax base of our county through the ad valorem tax.

We have also come to appreciate the sales tax contribution that comes into the general revenues of our county. The gasoline tax dollars I just mentioned literally help support thousands and thousands of jobs for Polk County citizens.

These payroll dollars turn over many times in our communities and affect many, many other jobs.

While tourism is a leisure industry and may not be as vital in the same sense as food and fiber to the health of our Nation, we believe strongly that the tourist industry is vital to the mental health of our Nation because of the hectic pace and tension and frustrations Americans face in today's society. We all need mental relaxation, and we in Florida are proud to be the destination of choice for most Americans as they seek fun and relaxation provided by their annual vacation time.

One major aspect of the tourist industry which has not been fully realized or appreciated relates to the international impact of this industry and the impact it has on our balance of payments. If the realization of the impact of this industry can be broadened, we believe that with a very minimal amount of Federal cooperation and assistance, this industry can make a great impact on the attraction of foreign visitors and foreign dollars into this country and into our economy.

Basically, this is a fiscally conservative region, and it would be out of character for us to suggest or support elaborate Federal programs for the industry, however, we do not believe it is out of character nor fiscally irresponsible to suggest and to support a greater role of involvement of a support nature for the Federal Goverment and its many Embassies abroad. While it is our understanding that many Embassies do provide a source of information to foreign travelers, we believe that a program of training and specific instructions to Embassy staff personnel could greatly enhance the role of existing staff and the existing Embassy system which we have throughout the world as far as the trourism industry is concerned. Included in our report you will find information regarding the number of visitors to Florida who originate in foreign countries. Based on the fact that foreign visitors spend approximately 5 days

---

[1] The report "The Economic Impact of the Boston Red Sox on Winter Haven, FL, 1986," submitted by Joyce Davis of the Winter Haven Chamber of Commerce, is being held in the subcommittee files.

in this country and spend on the average of $1,100 per week during their stay, I think that you can easily see what the impact would be of any activities and any efforts which would generate an increase of 10 percent of foreign tourists coming to our country. For Florida alone, we would estimate an impact of $396 million. This would, through sales tax, fuel tax, and payrolls on a local basis, help our local economy. This would also help our Nation with a major Federal problem which is in the form of our international balance of payments.

We also believe it could be as simple as our embassies providing additional help in making films and literature available from the various attractions throughout the United States, not just in Florida.

As you can see from the report that we have provided, many of the various counties throughout the State of Florida are doing their share to promote their own individual area. The State of Florida has in the past, with a modest budget done its share in promoting the State as the destination of choice for American travelers.

Many of these counties have international offices, tourist information offices, in other countries. The State of Florida also maintains information offices in other countries to promote our State.

While Florida is planning an even greater role in the future and while it will expend its own dollars to promote us on an international level, we would strongly urge through administrative and congressional action that the role of our existing Embassy force and Embassy staff and system be expanded to provide more attention and support to the tourist industry. The support could be in the form of literature, assistance with passports, and other similar activities and could also be as simple as providing speakers and films for various groups abroad who might be encouraged to travel our way. In a sense, this effort will also encourage international good will in that we will be encouraging and providing opportunities for more people from other countries to meet people from the United States on our home turf where we probably have our best foot forward as we cater to and seek the repeat business of tourists.

Perhaps in the environment of the fun and relaxation of Cypress Gardens or Circus World, or any of our tourist attractions, our international visitors will receive a favorable impression of the American people, while providing additional jobs and an opportunity to improve our balance of payments in the world economy.

Thank you, Mr. Chairman.

Mr. SKELTON. Thank you.

Mr. Ireland.

Mr. IRELAND. Thank you, Mr. Chairman.

Joyce, we have heard from Lou about the substantial impact of baseball throughout Florida. Would you touch on, for the record, what are the local and State government's responsibilities in regard to having that kind of economic attraction here? Would you give us some insight for the record on that?

Ms. DAVIS. I am not sure I can speak for local government nor would I presume to do so. Local government has been very cooperative by making the facilities available for the Red Sox.

As a matter of fact, for Mr. Skelton and the other members who are here, who are not aware of the fact that Mr. Ireland as a

banker was primarily responsible for getting the Boston Red Sox to locate in Winter Haven 21 years ago, and for that we will always be very grateful.

Mr. SKELTON. When he was a mere child.

Ms. DAVIS. When he was a mere child, of course. But we are glad they have stayed here.

The business community has responded very favorably to having the Red Sox here. We have planned a number of functions during their stay so that they can have an opportunity to meet the local people and see the Winter Haven that we natives know and love. We want them to get acquainted with private homes, our citizens, so that they will find it a place that they might want to retire to someday.

The Government, I think, really can't meddle too much in private enterprise. But there are some major things, such as stadium facilities, that private enterprise probably cannot handle. So we are glad local government has seen fit to provide that.

Mr. IRELAND. Good. Thank you.

Jackie, we have heard how we attract tourism through our communities and their tourist attractions.

Faced in this county with substantial unemployment, does the Lakeland Chamber try to convert the attractiveness or the promotion of tourism into some jobs in our community? And, if so, what kind of efforts work and what ones don't? And, is there a coordinated effort?

Ms. JOHNSON. There is a coordinated effort. I think we work very closely with the Polk County Economic Development Council, their tourism committee. One thing we are trying to do, again, as Paul mentioned, is the local option resort tax to promote tourism.

When you promote tourism, occupancy levels are going to rise in your hotels. You are going to see new hotels built, new restaurants built. It is a natural phenomenon that happens.

So, yes; we are working very closely with the county; we are working very closely with the State to promote tourism because once you do increase your tourist base, those jobs are developed automatically.

Mr. IRELAND. Is there an active effort to utilize the contacts that arrive that would perhaps bring a small manufacturing company in or any other activity along that line? Is there any coordination there?

Ms. JOHNSON. Yes; as a matter of fact, we have been working with the State. For instance, the Experimental Aircraft Association's Sun 'n Fun Fly-In, we are hoping to bring some people, heads of different companies throughout the United States, to Lakeland during that show that week, to show them not only that special event, but to take the time during that week to tour them around Lakeland, around Polk County, to show them what is available.

Mr. IRELAND. Tourism, in other words, brings them to the dance, and then you try and keep them here?

Ms. JOHNSON. Absolutely; you take advantage of every opportunity.

Mr. SENFT. I have to comment on that. A few years ago we had the United Airlines Tennis Tournament of Champions at Grene-

lefe, and the State Department of Commerce brought about 15 or 20 industrial prospects to that tourist event.

As a result, in Haines City we were able to land one industry, and I know that they looked around the entire county and the entire area. And these were multinational firms. So that does happen. We do use tourist-related things to help us attract industry.

Also, we refer to the report. The number of jobs at Bok Tower, 35; Grenelefe is actually 699; Cypress Gardens, 542. These probably have increased since this 1984 information.

But that is a lot of jobs. So every time we impact tourism by a 10- or 20-percent increase in visitors, these jobs go up. So we do help our job base.

Mr. IRELAND. Paul, while we have you here, I would like you to comment on the present problems in small business on insurance.

Would you have any comment along that line for us?

Mr. SENFT. Hopefully, to give some credibility to what I might say, Congressman Skelton, I currently serve as president of the Florida Association of Insurance Agents for our State association.

Yes; there is a crisis in this State as well as the country, as far as availability and affordability of liability insurance. As far as we are concerned, it is related directly to our judicial system, and there is need nationally for some tort reform. That is being addressed in the legislature in Tallahassee this session, as well as some other reforms as far as insurance regulation.

Insurance is regulated on a State level, and I believe that you will see some improvement.

There are marketing mechanisms available in most States today that are known as MAP plans, marketing assistance programs. This was enacted by our legislature last year, and it was supposed to be in place and available by October 1, 1986. The timetable was moved up until it was placed in use, in service, on February 2.

This is a facility where agents can have access to other companies, and people in need of insurance can be matched up with available markets.

There is probably more of a perceived availability problem than an actual availability problem in this country as well as Florida. The mismatch of agents and companies writing particular types of business, such as day-care centers—this doesn't relate to tourism, particularly, but it would relate because tourist attractions have a high-liability exposure, and they probably would be less desirable because of the litigation that comes from slips and falls and so forth in tourist attractions. So they would be in the same boat as far as availability is concerned.

But many agents do not represent companies who are writing that particular type of risk. And through these marketing assistance programs, any agent can have access.

Cigna Insurance Co., for instance, writes day-care centers. You read a lot about the lack of availability for day-care centers. If an agent only represents one or two small insurance companies, does not represent Cigna, if he is turned down by a couple of his companies, he may go through this State marketing assistance program and receive authorization on a case-by-case basis to send an application to Cigna to represent them to write one or two day-care cen-

ters, or one or two difficult lines of business. We think that is going to help with the availability problem.

I just read the suggested areas of interest from your staff yesterday. I have been on the road traveling some myself. And I noticed the insurance question about insurance availability. And I pulled something out. This is a preliminary report done by the U.S. Chamber. It is a membership survey that they have just done, and I will submit this to you.

But question No. 3, have you been able to renew/obtain the liability insurance you need? Yes, 83.1 percent; no, 14.1 percent.

So that would suggest that there is more of a perceived availability problem than an actual availability problem. That 14 percent could be in some high-risk areas where there are some serious problems.

Mr. IRELAND. That belies the story I heard once again this morning. It is not that "I can't get it;" it is that "I can't afford it if I can get it," which, as you said, is a big part of the problem.

Thank you, Paul.

Mr. SKELTON. Thank you.

Joyce, I want to reiterate what you say about languages. Even though we might take them, we don't use them. And in the field of international trade competition, we see customers such as Japan coming over here, and they speak fluent English. And I wonder how many of our salesmen go to Japan and speak fluent Japanese. I am sure it is lopsided.

Jackie, looking at your testimony, I see you have some pretty heavy things come in here. The Sun 'n Fun Fly-In, the boys State basketball, the Miss U.S.A. contest. You are talking about millions of dollars. And yet your total budget for promotion is only $85,000.

How do you do it on such a disproportionately low figure?

Ms. JOHNSON. We have a great city.

Mr. IRELAND. And good staff.

Ms. JOHNSON. Well, those things have been here for quite some time. The Sun 'n Fun, this is its 11th year. The State basketball tournament is in its 11th year. The Miss U.S.A. pageant, which was held for 3 years and will not be held again, was a concentrated effort by the State and by our private industry in Lakeland. We actually paid to bring that to Lakeland.

Mr. SKELTON. Is that discontinued or moving somewhere else?

Ms. JOHNSON. It is moving somewhere else. We had it for 3 years, and it cost our community a lot of money to bring it here. It has done what it was intended to do, and we feel it is time for it to move on.

As I say, those are events that have been held for 10 or 11 years. We just bid for the boys State basketball tournament once again, and have it again for the next 9 years as a result of doing it well for 10.

But if you will notice, two of those events are held in March, this month. The other, which was held in May and will not be held again, we have still got 11 more months to work with.

So although those look like pretty impressive figures, and they are, there is still a lot to be filled.

Mr. SKELTON. Paul, Congressman Ireland asked questions I was interested in. But, let me ask you, over here on your statistics page, I want to ask about two things.

Mr. SENFT. Which page, Congressman? Excuse me.

Mr. SKELTON. The top 10 main destinations for air visitors, top 10 major attractions for air visitors. Orange County, I think that is Orlando?

Mr. SENFT. That is correct.

Mr. SKELTON. Where is Hillsborough County?

Mr. SENFT. In Tampa.

Mr. SKELTON. OK.

I recognize all the others except Lee and Collier.

Mr. SENFT. Lee is Fort Myers.

Mr. SKELTON. Collier is where?

Mr. SENFT. Naples.

Mr. SKELTON. Down here it says sightseeing, shell factory, and everglades. Those are not attractions; those are overall catchalls. Is that not correct?

Mr. SENFT. I apologize that my county staff is not here. There are shell factories. I assume they have grouped them. There are quite a few places where tourists buy shells.

Mr. SKELTON. And sightseeing is just what it says; correct?

Mr. SENFT. Correct.

Mr. SKELTON. As well as the everglades.

I notice you have auto visitor origins; then, air visitor origins. New Yorkers fly in much more than they drive in. And it seems like your close-by States drive in, although not entirely.

Where do your Canadian visitors fit into these two categories; or would you know?

Mr. SENFT. I am not positive, but my perception is that it would probably be equally divided between flying in and driving in. Many of them come down Interstate 75.

Mr. SKELTON. Do you have any percentage or ranking on Canadians?

Mr. SENFT. The addendum that is included in the report is all the information we were able to gather in the last couple of weeks regarding the Canadian visitors. That is point No. 3. There were 1.5 million Canadians in 1984. And how much they spent, Canadians spent more nights in Florida than any of the States. That was 28 million nights. But as far as the breakdown in the driving——

Ms. JOHNSON. I was just going to say, this is a study put out by the State department of commerce, division of tourism. They do have those figures on international tourism. This is a domestic study, and those can certainly be obtained. They are in my office, and I will be happy to get those to you.

Mr. SKELTON. Congressman Ireland and I were driving toward a hearing destination, about a 15-minute drive. And within 5 of those minutes we saw three automobiles from Ontario. You do well.

Thank you so much. We will take a short break.

[Recess.]

Mr. SKELTON. We will call our hearings to order again.

Jim Conley is not here. If Mr. Conley does come, would you make sure he is notified?

Glen Davidson and G. Carlton Dorr.

Mr. Dorr representing Central Travel, Inc.

TESTIMONY OF G. CARLTON DORR, CENTRAL TRAVEL, INC.

Mr. DORR. Congressmen, this is a little new to me, and I am not—I don't fit in quite the prepared category that the others have. I am more or less speaking just strictly as a small businessman.

Mr. SKELTON. That is what we are here for.

Mr. DORR. We have Central Travel, which is a group of travel agencies in central Florida. Most of the travel business that we are concerned with is brought in by out-of-State travel agencies which prepare and bring the traveling people, the tourists, into Florida. Our connection with them is rather small from the standpoint that they only make a small amount of reservations to leave the State because all that is preprepared by the agent that brings them here. So we don't have a lot of contact with them that way.

Our contact with the tourists is after they already get here and they want to be entertained. They have a lot of prepared things that are nationally advertised—Sea World, Cypress Gardens, Disney World—that bring them here.

We do group activity where we furnish buses, and we bus people all over the State to the attractions after they get here. Some of this we do by working with out-of-State travel agencies to coordinate this activity once they get in the State.

Some of the things that help us is the availability of the seaports in Florida for the cruise ships to land in, because they come from all over. We like to coordinate this activity and utilize the seaports and the ships to promote our small business.

Probably the only thing that has given us more trouble that we need some help from, whether it is local, Federal or otherwise, is—one thing that Congressman Ireland asked the question on—is insurance. We send people all out to all parts of the world, and we have to be insured—liability insurance for these people, or, rather, for ourselves.

Due to the crisis that has materialized in so many of the Nation's international airports, our liability insurance, or what we call our umbrella policy from our major carriers, has actually just been canceled on us. Now we don't have a claim, and haven't had a claim, but we just have—these policies have just been canceled.

So we start to shop around. And, shopping around we find that it is available, but the market is probably 75 percent increased on premiums. And this puts quite a hardship on the local small business to cover such an astronomical insurance, which is the same insurance that you find when we are having to bus people. We have bus tours going all over the State. The insurance has gone up so high on the liability on those.

But, primarily, it is the liability insurance that we have to carry to protect ourselves if some of our people should be in one of these disaster areas in foreign countries where this kind of thing has happened.

We have no way of protecting ourselves. We have no way of helping ourselves in insurance. If we could get some protection—is something that I feel the Government could do. I can't make a sug-

gestion because you can't control the insurance. But there is bound to be some way that these costs can be contained.

I think that is basically all I have.

Mr. SKELTON. Thank you very much.

Mr. Davidson of Dundee, Inc., and Davidson Citrus Shops.

TESTIMONY OF GLEN DAVIDSON, DUNDEE, INC., AND DAVIDSON CITRUS SHOPS

Mr. DAVIDSON. Mr. Chairman, Congressman Ireland, staff: I sort of feel like that little mouse that said to himself, "I don't want any more of this cheese; I just want to get out of here, get out of the trap." My attitude toward this kind of a hearing has changed completely from the time I was driving over here until I arrived today and listened.

We operate a relatively small business. We have between 60 and 80 employees, based on the season of the year. About 65 percent of our business comes from tourists. Every morning when we come down to our plant, we step outside and we will bow four times to Cypress Gardens and four times to Orlando. Our little business can't bring tourists into Polk County.

Yet, with the loss of phosphate, with the series of freezes we have had in citrus, tourism is really our No. 1 industry and it affects everyone employed in Polk County. It doesn't make any difference what their job is; if the tourists were removed from Polk County, we would have a relatively small number of jobs available for the public.

Our advertising is primarily local with the exception of four mailings a year throughout the United States and in parts of Canada, where we send brochures which contain information on our products, on our location, and maps showing how to find us if they come to Florida.

We have attempted to work with some of the tour bus companies. As a matter of fact, we provided slides for the Greyline Tour Bus Co. in Orlando when they were doing presentations down in South America. We have worked with the tour bus companies in Boston, New York, and Philadelphia on a co-op basis, because the bus tours are a very important part of our business, and the bus tours are an extremely important part of the tourist business in Polk County.

Unfortunately, we probably get a small percentage of the total number of tour buses that come into the area in central Florida. A lot of them never leave the Orlando area.

Florida certainly has something to offer; more than just the Sun and the sand, an awful lot of attractions throughout Florida. But every time I hear of a solution in the form of a new way of taxing, it disturbs me. It doesn't make any difference how you come to a conclusion that you ought to tax a resort to bring a tourist in or tax activity involving a tourist; that tourist is going to pay for that tax. It is going to be added on.

It is just like the manufacturers' tax that was brought in, the corporation tax that was brought into Florida. They said it never would affect the consumer. It was passed on to the consumer the next week by a vote through the Public Service Commission.

I would like to see less government involvement in the tourist business. I don't see a lot of it now, and I am glad. I would like to see the members of the industry, those who are involved in tourism, come together and bring the full brunt of what they have to bear on bringing more tourists into Florida, not ask the State or Federal Government to do it. I think what they are doing is adequate.

I believe that an organization formed to bring the tourist businesses together and tax them, as the Florida Citrus Commission now taxes the grower and the processor, and so forth, would be as useless as tits on a bull, because the citrus industry has been taxed for years and years and years, and we only have a price increase when we have a freeze or have some kind of a catastrophe.

Now, the only time you see good, solid evidence of the result of advertising is when private enterprise, through people such as Ben Hill Griffin, Tropicana, the Coca-Cola people—when they are advertising, they are moving goods. They are advertising private brands.

So I am not sure that the Federal Government can get involved in actually promoting tourism. The Government can get involved in another area that is extremely important, several areas.

We had here, not too many months ago, the maps given to the tourists by the organizations such as Amoco, AAA, and so forth, directing them into Florida. Those maps routed them off of Highway 27 between Lake Wales and Haines City. Well, that happens to be where we are located.

Now why did they do that? Because Highway 27 was in such rough shape that it would practically damage your car to travel down Highway 27, until it was paved just recently. Now you are enjoying the benefits of having it paved just recently.

It seems to me the Federal and State governments can spend more time to be sure tourists enjoy their driving around the State of Florida and visiting the attractions.

Another problem we notice in our business, when an airline goes on strike we are affected. For whatever reason they go on strike, the tourists aren't coming into Orlando; therefore, they aren't getting on the local tour buses and they aren't shopping in the candy factory on the way to Cypress Gardens. And that affects us, bothers us.

We make our mailings. We have a chance to talk with a lot of tourists that come through our operation. We run through about an average of 15,000 to 20,000-odd a month, which is quite a number of tourists for us during the season. It has reached the point now where we have a pretty good business year-round in Florida.

Back in 1965 when we were just starting our little candy factory, we had a death in the late spring and summer, and we only had a good business in the wintertime. Today, the tourist business is almost year-round. It certainly peaks in February and March, and in July and August.

In the area of liability insurance, as Congressman Ireland said, there is no problem buying. The problem is paying for it. When you are operating a small business, you are watching every cost involved in your business. You are trying to cause every cost to

result in something positive in the way of growth or benefit or quality or productivity.

Insurance is a nonproductive cost of doing business. The cost of insurance—that expense doesn't add anything to the quality of the product, doesn't add anything to the productivity of your operation, doesn't bring any more people into your business. But you couldn't survive without it.

I have a peculiar theory, and I am going to lay it on you, since I have this opportunity. I think this cost probably started a long time ago, and we are just realizing it, because only in more recent years have interest rates dropped down to the point where insurance companies aren't making a pretty good harvest just on their enormous amounts of money.

Go back to when Medicaid and Medicare became a thing. Prior to its being passed, the medical profession was objecting to it because it might be a move toward socialism. When it was passed, the medical profession embraced it with great enthusiasm. They moved from the financially affluent to what you might call the rich, richer, and richest.

Now, with a single profession rolling those kinds of dollars, another profession took a look at it and said, hey, maybe we ought to get involved over there. I am talking about the legal profession. So, the legal profession decided to take a shot at the medical profession through malpractice, through liability, through whatever. This then opened up these wide doors to sue everybody, including each other, from the legal profession. And this, in my opinion, is what has caused these costs to become astronomically high.

We have reached a point in our operation, to give you an illustration of our cost—and we are a small business—every time I think we are starting to be a little bigger, I look at the cost and say to myself, "I wish I was a lot smaller."

Our insurance costs from 1981 to 1984 increased about 15 percent. That is not too bad. That isn't hardly too much more than inflation. It jumped 82 percent from 1984 to 1985. That is a pretty good lick for little people.

Even our auto insurance went up 40 percent this past year. And, mind you, we haven't had accidents, haven't had any problems, haven't had anybody sue us; we haven't had any liabilities.

Mr. IRELAND. And you are at the worst corner in Florida, aren't you?

Mr. DAVIDSON. One of the worst. Through quite a bit of effort, we were able to get a stoplight there, with your help.

But we carry a $1 million umbrella policy. We do less than $5 million; we do more than $2 million. We are in that area. We are privately owned, so we don't publish our figures. But our umbrella policy jumped up 300 percent.

Mr. SKELTON. In how many years?

Mr. DAVIDSON. Just in 1 year.

I don't know where it is going. I know that we don't have the Cadillac coverage we used to have, because we simply can't afford it. We are now trying to buy the minimum insurance required to protect us in operating our business.

And, keep in mind, these increases aren't helping our little business at all. It is a nonproductive expense of operating our little business.

One of the reasons for it—and this goes back again to the medical profession—we had a fellow, Mr. Ditman, who slipped out in the packinghouse. We have a natural citrus juice candy factory. We manufacture marmalades, jellies, and butters, of various types. And we have a fresh fruit packinghouse, specialty type fruit.

Now, Joe slipped and fell and he skinned his elbow. So, we prepared a report, or his manager prepared a report, and he was sent down to the doctor to have an x ray made to see if he had a broken bone. No; just a bad bruise, skinned badly. And he was asked by the doctor to come back twice more that week and three times the next week to be sure there were no problems.

Now, if he wasn't covered by insurance, he probably would have never gone in the first place. But that is what is contributing to these astronomical costs.

And this little fellow like myself, all we can do is sit there and be bounced around, struggling, fighting to keep our head above water. And yet, unless the Government can do something about that area, then we little folks aren't going to last too long.

Incidentally, Mr. Chairman, I helped to start a business in St. Louis. You may know Minlow Smith. We started the Fruzola Co., making sweet tarts, citrus bits, which is now Sunmark Industries, which is now a big business.

But I do appreciate your taking the time to come to our area and listen to us.

Thank you.

Mr. SKELTON. Thank you so much.

Mr. Ireland.

Mr. IRELAND. Thank you, Mr. Chairman.

Glen and Carlton, I think you have added an essential part to our 2 days of hearings hereby reminding us that it is the small businessman that is indeed at the heart of what we are doing here, and is really at the heart of what makes America go. And we better pay a lot of attention to that part of our economy.

Glen, I have often made a point that I think you would share—that government, especially the Federal Government, really has only three things that it ought to be doing, in my judgment. One is looking out for the security of this Nation. The other is to do those things that we can't do ourselves; perhaps, as Rick Dantzler said, environmental regulation. We can hardly do that on a person-to-person basis. And, obviously, we have got to protect those that can't cope with a market economy, be it the handicapped or elderly.

But it seems to me that we ought to, as a government, have the responsibility of seeing that those three things are done in such a way that we promote growth, and then that is all we ought to be doing.

I think, thankfully, in the last several years we have spent increasingly more of our time in the Congress, and hopefully even more so as time goes on, finding ways to stay out of the way so people like you and Carlton can get on with the business of making America grow. So, I share your feelings along that line.

Carlton, on the State commission that Glen has referred to, and Rick Dantzler told us was about, would travel agents and/or bus companies and that type of business be involved in that, or don't you know yet?

Mr. DORR. No; I don't know that that is at the State level, though, because these rates are generated all over for travel agencies all over the United States. So I don't know that what the State might do on a local level would really help us any, because the problem is generated—what happens in these foreign countries. And, like we said before, we have had no losses, but we have a $1 million policy to cover us in case our lower level insurance should be challenged by some case.

So, we get into this high-level stuff now where they just cancel it out. Insurance companies don't want to take the risk of a mass attack that they have had in an airport in a foreign country.

In some respects, our people change. A great deal of our travel now is not to the Middle East. They have changed now. They want to go to Australia, Alaska, Honolulu, someplace in that direction.

Mr. IRELAND. Not too many going to Nicaragua; right?

Mr. DORR. No.

Mr. SKELTON. Only Members of Congress.

Mr. IRELAND. We just got him back.

Mr. SKELTON. I wasn't in Nicaragua, though. I was closeby.

Mr. IRELAND. Close.

Any comment you might have on how Federal regulation is affecting your travel agency redtapewise? Is there any way we could back off that would help?

Mr. DORR. No; deregulation of the airlines has promoted more travel. There is more competition. It creates a lot more headaches for us as a travel agency, because every day there is a different rate and a different airline has something new and different, and it is a challenge for us to keep up with it for our clients.

But that is just part of our job, because I think deregulation was made more beneficial to the tourist to come down here—lower rates and what have you. That is a challenge for us that the Government has gotten out of, which I accept.

But I can do something about it. I can study. I can have my agents learn more and keep up more with it. But the insurance aspect of it, I can't. I just have to go uninsured or self-insured and hope that I don't get into a mass attack area of that kind.

You and your office have been helpful to us in the passport area where we always have people coming in late that don't have their required time that need extra help in getting their passports. And this is an essential area. It is not called upon all the time, but we do need it. We do need that kind of help and are getting it from Washington.

Mr. IRELAND. OK, that is good.

Glen, do you export anything?

Mr. DAVIDSON. We mail quite a number of packages overseas for individuals who order either from England, France, Italy, or who are in the candy factory and order something to be shipped back to their friends.

Export per se, we don't really do that. We have been invited to attempt it a couple of times, but we are not qualified to get involved with that.

We attempted at one time—this is some 3 or 4 years ago—to work through, I believe it was, the marketing attaché's office in Paris, France, and in London, England, to try to identify the tour companies that were sending tourists into Florida, sending guests into Florida. But we didn't know enough about what we were trying to find out. Therefore, we weren't able to tell them what they wanted to know.

But we have had excellent cooperation from both offices. I think they were called the marketing attaché's office or the commercial attaché.

Mr. IRELAND. Sure would like to see you ship some more of that candy overseas to help the balance of payments. But you can't do that unless you can get the information. And you can't put on two or three more people out there just to study markets around the world.

Mr. DAVIDSON. That is true.

Mr. IRELAND. Mr. Chairman, those are the end of my questions.

I would like to tell people that we have the mayor of Winter Haven, John Simmons, here. We are delighted to have you here. We appreciate your hospitality.

Mr. SKELTON. Mr. Mayor, thank you for joining us today. We appreciate your city's son, Andy Ireland, and the work he does in Congress and on our committee. Thank you for joining us.

I would like, gentlemen, to ask and inquire about the insurance problem, and tell you that this is not unique to your businesses.

In my hometown of Lexington, MO, which is the county seat of Lafayette County, late last year or early this year—our local sheriff, who is a real professional in the finest sense of the word, real public servant, found it necessary to close the Lafayette County Jail because of his inability to get liability insurance.

As you know, even though he does an excellent job, there are a number of lawsuits against any and every sheriff and many law enforcement officers—needless to say, many of the harassing kind where they are settled for $5 or thereabouts by inmates who have a great deal of time on their hands. And, as a result of this, he was unable to get insurance.

To make a long story short, the State of Missouri, realizing this, established a self-insurance fund, which at least temporarily has solved their problem.

The State of Missouri, also in medical malpractice cases, recently passed legislation to put $350,000 cap on medical malpractice judgments.

So, on a State basis, we are looking at a couple of areas. This isn't helping you, of course.

Insurance, as we both know, is basically State-regulated. And the question is: "Do we as a Federal Congress get involved?" This is a very major question for us.

A few years ago, we had a hearing in Missouri when Congressman Dick Ichord was on the Small Business Committee. He has since retired. And we had a hearing on product liability insurance,

which skyrocketed and has since gone back down. Now it is again on the escalation side.

Let me ask you, Glen, your rates, as you testified, went up some 300 percent; is that what you testified to?—over 1 year, with no accidents, no claims?

Mr. DAVIDSON. That is right.

Mr. SKELTON. What did the insurance company or companies tell you when you made obvious inquiry as to why this happened?

Mr. DAVIDSON. Well, they apparently have two answers for that. One is that they had been generating a great deal of income to the insurance company from the amount of money they were bringing in from interest rates being high on the volume of dollars they had invested. And the other, of course, was that their costs, the cost of payouts, had grown out of proportion, based on what they had planned based on the rates.

The fact that we had no claims had nothing to do with it. We were part of the statistics, so we had to pay the average.

Mr. SKELTON. Were you in the category of having a moderate amount of claims? Did they say they would have put you in another bracket and your costs would be even higher?

Mr. DAVIDSON. They didn't comment on that. They did comment that if we had had a major claim, we wouldn't have any insurance at all.

Mr. SKELTON. Period?

Mr. DAVIDSON. Yes.

Mr. SKELTON. Gentlemen, thank you so much for being with us. I want to say a special word of thanks to my colleague and my friend from Florida, Andy Ireland, for the graciousness that he has given us, the hospitality, and the opportunity to learn and ask questions and hear from Floridians for the last 2 days.

We appreciate this. And until we take up the subject again in Washington, thank you again.

Thank you, Andy.

Mr. IRELAND. Thank you.

[Whereupon, at 11 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

○

64-272 (120)